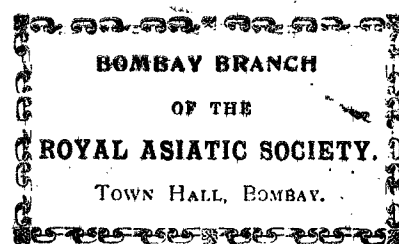


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PARIS MONETARY CONFERENCE, 1881.

RETURN to an Order of the Honourable The House of Commons,
dated 19 August 1881;—for,

COPY

OF

TRANSLATION

OF THE

PROCÈS-VERBAUX

PARIS INTERNATIONAL MONETARY
CONFERENCE

OF

1881.

108680

(Lord Frederick Cavendish.)

*Ordered, by The House of Commons, to be Printed,
19 August 1881.*

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COPY of TRANSLATION of the PROCÈS-VERBAUX of the PARIS
INTERNATIONAL MONETARY CONFERENCE of 1881.

F I R S T S E S S I O N.

Tuesday, 19th April 1881.

The Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Greece,
The Netherlands,
Portugal,

Sweden,
Norway,
Spain,
Switzerland,
The United States of America,
and
France,

assembled in Conference at Paris, on the 19th of April 1881, at Two o'clock p.m., at the
Ministry of Foreign Affairs.

There were present :

For Austria-Hungary :

Count *Von Kuefstein*, Councillor to the Imperial and Royal Embassy at Paris,
Member of the Chamber of Peers.
Chevalier *Anthony Von Niebauer*, Councillor to the Imperial and Royal Ministry
of Finance.
Mr. *Alexander Von Hegedüs*, Deputy in the Hungarian Diet.

For Belgium :

Mr. *Pirmez*, Member of the House of Representatives, formerly Minister of the
Interior.
Mr. *Garnier-Heldewier*, Councillor to the Belgian Legation at Paris.

For Denmark :

Mr. *Moritz Lévy*, Councillor of State.

For Germany :

Baron *Von Thielmann*, Councillor to the Imperial Embassy at Paris.
Mr. *Schraut*, Government Privy Councillor, and Councillor Reporter in the Office
of the Treasury of the Empire.

For Greece :

Mr. *Braïlas-Arméni*, Envoy Extraordinary and Minister Plenipotentiary of
Greece at Paris.

For the Netherlands :

Mr. *Vrolik*, former Minister of Finance.
Mr. *Pierson*, Professor of Political Economy at the University of Amsterdam,
Member of the Board of Management of the Bank of the Netherlands.

For Portugal :

Count *Do San-Miguel*, First Secretary of the Portuguese Legation at Paris.

For Sweden :

Dr. *Hans Ludwig Forssell*, former Minister of Finance, President of the Chamber
of Finance.

For Norway :

Dr. *Ole Jacob Broch*, former Minister of Marine and of Post Offices, Professor at
the University of Christiania.

First Session.

For Spain :

Mr. *Moret y Prendergast*, Deputy to the Cortes, late Minister of Finance, late Minister of the Colonies.

For Switzerland :

Dr. *Kern*, Envoy Extraordinary and Minister Plenipotentiary of Switzerland at Paris.

Mr. *Lardy*, Councillor to the Swiss Legation at Paris.

For the United States of America :

Mr. *Evarts*, late Secretary of State of the United States.

Mr. *Thurman*, late Senator.

Mr. *Howe*, late Senator.

Mr. *Dana Horton*, former Delegate to the International Monetary Conference of 1878.

For France :

Mr. *Barthélemy Saint Hilaire*, Member of the Institute, Senator, Minister for Foreign Affairs.

Mr. *J. Magnin*, Senator, Minister of Finance.

Mr. *J. B. Dumas*, Member of the French Academy, Perpetual Secretary of the Academy of Sciences, President of the Board of Control of the Monetary Circulation.

Mr. *Denormandie*, Senator, Governor of the Bank of France.

Mr. *Cernuschi*.

The Minister of Foreign Affairs having called the Conference to order, delivered the following Address :—

Gentlemen,

In receiving you here, our first duty, as also our first desire, is to say to you, "Be welcome among us." We greet you with these words of happy augury in the name of France, in the name of the Government of the Republic, which sees with satisfaction our capital chosen as the seat of your learned and useful labours.

The reception we give you is sincerely cordial, because we feel grateful and proud of these reiterated proofs of confidence tendered us by the nations of the world, in sending to us their best qualified representatives to study in common, and, if possible, to solve some of the questions which most directly affect the well-being and the peaceful relations of the different peoples.

It is a glory for our country ; while the benefits it confers upon humanity are still more substantial.

As you know, within a period of only a few months, three of these august assemblies will have been held within these walls ; the one which, with you, I have the honour to inaugurate to-day ; and the two which have preceded us, and which have resulted in the realisation of a most important advance in the international postal service, and in securing to property in design such reciprocal protection as was lacking until then in several States.

We may also now venture to predict a similar success for another Conference, that on Electricity, which is soon to assemble, and of which, toward the close of the present year, our city will be the place of meeting, and, at the same time, the wondering spectator.

But whatever previous Conferences may have been, that which you are about to open will remain none the less one of the most necessary, and of the most important, which can ever be held.

Monetary Science, taken in its widest sense, is almost as ancient as society itself. From the most remote antiquity philosophers have given it their attention ; and their theories concerning the functions of money, even the earliest in point of time, were sound to a degree which has not since been surpassed, and precisely because of the importance of the subject. But it is in modern times, and more particularly in our own day, that phenomena relating to money have shown a development and manifested an energy which have strongly impressed all economists and statesmen.

The almost incalculable production of the precious metals, their various uses throughout the world, the prodigious wealth of certain nations which have outstripped others ; the increasing multiplicity of exchanges, the well-considered calculations of manufacturers and merchants, the organisation of financial institutions of all kinds, the unforeseen fluctuations in the world's markets, the daring of speculation, the constantly increasing necessities of even the most stable governments ; all these are causes which act powerfully upon the circulation of money, and produce unexpected fluctuations, which the most disinterested and careful observers find the greatest difficulty in explaining.

So long as these oscillations, the tides, if I may so call them, of the economic ocean, do not pass certain bounds, the business community is but little affected ; but when they do go beyond the accustomed limit, both the public purse and private fortunes suffer severely. At such times, in order to find a remedy for the evil, all the knowledge which may have been accumulated by serious and sagacious minds devoted to science and to the common

weal,

weal,—men like those whom at this moment we greet with our sincere homage, and with our thanks,—is scarcely equal to the task. Such is the great object which brings you together, and which will stamp your debates with an exceptional character.

You will endeavour, by your counsels, to restore a normal condition of affairs in the place of an equilibrium destroyed; and you will seek the means to prevent the return of these baleful crises. What studies will command your attention! What details to be made clear! How many facts to be ascertained! What long and serious investigations to be prosecuted methodically on so many obscure and delicate points! But Heaven forbid that I should touch, even from afar, upon a problem so complex and so vast, about which the best informed minds maintain with enthusiasm the most contradictory opinions, and in which custom varies, no less than opinion, among different nations, and at different times.

Therefore, gentlemen, I will confine myself to wishing for your efforts the success which they deserve; success they will surely attain, but perhaps not at the first effort. If you are unable at a single attempt to accomplish the whole of your task, you will, at least, have set on foot the preliminary discussions which are indispensable to the discovery of truth, and to a final solution. You will have established principles which the future will be able to make fruitful. For the work on which you are about to enter, the civilised world will always hold you in grateful remembrance; since we cannot doubt that from your discussions, as bold as they are profound, there will come forth waves of luminous and practical ideas. You will diminish the evil even, if you do not suppress it entirely; and, although the complete cure should not come until a little later, it will still be due to you, for you will have prepared the way and rendered it possible.

At the time of the Universal Exhibition of 1878 the idea of an assembly similar to this had already taken form; but it could not arrive at a result for the reason that it seemed at that date, and in some respects, a little premature. To-day, after the lapse of three years, during which so many significant and even alarming symptoms have manifested themselves, the time seems entirely ripe; and we may not be considered too bold if we hope for success on this occasion, after the other two successes which I recalled to you a few moments ago, and which were almost as difficult to obtain.

Again, let me repeat, gentlemen, you are welcome among us.

Accept these, our best wishes, with those of the whole world, whose eyes are upon you, that the noble end you are pursuing may be reached as speedily and as fully as you yourselves desire, and as all the nations, joining with us, desire also.

At the close of these remarks, the Minister of Foreign Affairs moved that the Conference organise itself by the election of a president.

On the motion of Mr. *Evarts*, the office of president was unanimously conferred upon Mr. *Magnin*, Minister of Finance.

Mr. *Magnin* took the chair.

He thanked his colleagues for the honour shown him in calling him to preside over the deliberations of an assemblage in which were to be found so many men eminent for their science, and for their experience.

He relied upon their goodwill and their intelligence to aid him in the fulfilment of his duties.

Whatever might be the result of the discussions in the Conference, he was happy to labour with them in the study of the economic problems which they would have to consider, and the solution of which was of so great importance.

It was then determined, upon the motion of the Delegate of Greece, that the Conference should await the arrival of those of its members who had not been able to be present at the First Session, before proceeding to complete its organisation by the selection of one or more vice-presidents.

In accordance with the proposition of its President, the Conference designated as secretary, Mr. René Lavollée, Docteur ès lettres, Consul General; and as assistant secretary, Mr. Bruwaert, of the Ministry for Foreign Affairs.

The Conference being thus provisionally organised, the President, Mr. *Magnin*, spoke as follows:—

Gentlemen,

Two great International Monetary Conferences have already been held at Paris, the first in 1867, the second in 1878.

The Conference of 1867 had for its object the institution of an uniform coinage, the idea being, as was said in the opening address, “to substitute metallic coins, struck in accordance with uniform regulations, for the variety of monetary types actually in use.”

Of what metal should these coins be made? Of silver only, or of gold only? Or of gold and silver used simultaneously?

That Conference decided in favour of gold-monometallism. I quote the words in which the Vice President, Mr. de Parieu, expressed himself upon this subject in the final report which he presented to his colleagues on the 16th of July 1867:—

“The question” (said he) “which seemed to lie at the very root of the inquiry was that of the monetary standard.

First Session.

M. Barthélemy St.
Hilaire.
M. Magnin.

PARIS MONETARY CONFERENCE, 1881.

First Session.

M. Magnin.

“As you are aware, the legislation of the world is divided on this point between three different systems: that of the gold standard, that of the silver standard, and that of the double standard.

“It was indispensable to know in which of these three forms was to be found, so to speak, the latest development of the monetary system, the point at which the decisive formula might be discovered, the basis for the desired unity.”

And Mr. de Parieu said further on:—

“With an unanimity the more remarkable, since no preliminary agreement had been either asked for or expected, your Conference, while comprising among the 20 States, of which you are the delegates, only two in which gold is the standard money, has arrived at the conclusion that a basis for the monetary unity of the future should be sought in the gold standard, with silver, if need be, as a *temporary* companion.

“The Conference has thus declared itself, in principle, for the uniform gold standard, while considering that there might be good reasons for a temporary continuance of the double standard in the legislation of certain States accustomed to this system, or living hitherto under the law of the single standard of silver.

“This remarkable unanimity upon a fundamental question cannot fail to influence public opinion and the views of specialists who, within the confines of the different States, may still entertain doubts upon this question of the future.”

The programme of 1867 was adopted in its entirety by the German legislators in 1871: suspension of the mintage of silver, and demonetisation of the old silver coins to make way for a gold monometallism. The Scandinavian States followed the same course. The Latin Union and Holland, as a precautionary measure, closed their mints against silver. At the present moment, on both sides of the Atlantic, gold alone has the right of unlimited coinage.

To prohibit in great countries the mintage of a metal which had been hitherto freely coined, and to expect that this metal would maintain its former value, would be inconsistent.

The fall of silver was easy to foresee: it was inevitable.

England, whose interests were touched by the quick by this fall, was aroused.

In the month of March 1876, Parliament ordered an inquiry; but this investigation was not able to set any remedial measure on foot, as it had not been authorised to suggest remedies for the fall, but only to examine into the causes of it, and to describe its effects upon Anglo-Indian exchanges.

The United States of America took other action. In August 1876, Congress appointed a Monetary Commission, composed of Senators and Representatives, with instructions not only to inquire into the causes to which should be attributed the change in the relative value of gold and silver, but also to examine whether the adoption of a bi-metallic system would not be advisable.

In the month of March 1877, this Commission brought in its report.

The conclusions arrived at were, that the fall of silver, in relation to gold, had not been brought about by natural events, but solely by legislative action, and that, in order to bring back a satisfactory condition of things, it would be necessary to confer the same monetary rights upon both metals by establishing, under international agreement, an uniform proportion of weight between coins of gold and coins of silver.

To give effect to these principles, the United States summoned the International Conference which was held in this place in August 1878, and their delegates requested the Assembly thus called to pronounce upon the two following propositions:—

I.

“It is the opinion of this Assembly that it is not to be desired that silver should be excluded from free coinage in Europe and the United States of America. On the contrary, the Assembly believe that it is desirable that the unrestricted coinage of silver, and its use as money of unlimited legal tender, should be retained where they exist, and, as far as practicable, restored where they have ceased to exist.”

II.

“The use of both gold and silver as unlimited legal tender money may be safely adopted; first, by equalising them at a relation to be fixed by international agreement; and secondly, by granting to each metal, at the relation fixed, equal terms of coinage, making no discrimination between them.”

These propositions were discussed, but did not become the subject of a general vote.

The English and French Delegates had prepared a draft of an answer which might be made by the European to the American delegates.

This answer was couched in the following terms:—

“The Delegates of the European States represented in the Conference desire to express their sincere thanks to the Government of the United States for having
“procured

"procured an international interchange of opinion upon a subject of so much importance as the monetary question.

"Having maturely considered the proposals of the representatives of the United States, they recognise—

First Session.

M. Magnin.

"1. That it is necessary to maintain in the world the monetary functions of silver, as well as those of gold, but that the selection for use of one or the other of the two metals, or of both simultaneously, should be governed by the special position of each State, or group of States.

"2. That the question of the restriction of the coinage of silver should equally be left to the discretion of each State, or group of States, according to the particular circumstances in which they may find themselves placed, and the more so in that the disturbance produced during the recent years in the silver market has variously affected the monetary situation of the several countries.

"3. That the differences of opinion which have appeared, and the fact that even some of the States which have the double standard find it impossible to enter into a mutual engagement with regard to the free coinage of silver, exclude the discussion of the adoption of a common ratio between the two metals."

When this answer was adopted, the Dutch delegates were not present; the Italian delegates refused to be parties to it; and the approval of the other delegates was given only under reservations. Coming as it did at the close of debates in which monometallism had found defenders at once convinced and eloquent, the answer drawn up by the English and French delegates was a condemnation of the gold-monometallic propaganda.

But this condemnation was not sufficient, and has not sufficed to alter the face of things. In order that the metal silver may recover its former value, it is indispensable that it should be, as in the past, freely coined side by side with gold, and as no State either wishes to stand, or could stand, alone in resuming such coinage, it is absolutely certain that we shall not find our way out of the present difficulties until an international bi-metallic treaty shall have been concluded.

To attain this result it was necessary that all the parties interested, that is to say, all the Governments should be brought face to face.

In this you have the reason for our Conference. The American and the French Governments agreed to address simultaneous invitations to the other Powers.

Fifteen Governments have, or will have their delegates present here.

Some have made reservations; they were within their right. We had only to receive and place them on record.

We hope that light may shine forth from the discussions which are to be held in this Assembly; we hope that it will be proved, as well by the data of theory as by those of experience, that international bi-metallicism is the only system which will be able to restore monetary regularity throughout the world.

There is no question here, gentlemen, of discussing the terms of a treaty by which one may gain and others lose; there is no question of making or of asking sacrifices; there is no question of one party being more prudent than another; what we have to do is to decide, in good faith and after due consideration, upon a course which will be equally advantageous to all parties.

Need I add, that we have in no wise the pretension to force our opinions upon others; that all plans and systems may be set forth, and will be freely discussed in this Assembly in which are gathered so many illustrious men, whose competence in monetary questions is universally recognised.

The *President* then inquired of the Conference whether it desired to avail itself of the services of the stenographers, which the French Government placed at its disposal, and who would act under the direction of the secretaries.

The Conference accepted this proposition, but with the understanding that the stenographic reports should be absolutely confidential—should be submitted to the speakers reported, and should not be published but by consent of the delegates, and that the Minutes, as adopted by the Conference, should constitute the only official record of its deliberations.

At the request of the *Delegates of the United States*, and under the same conditions, it was likewise agreed that the stenographer attached to their Commission should attend the Sessions of the Conference.

The *President* made known that the French Government had just been informed of the appointment of Delegates by the Italian Government, and that they would shortly arrive in Paris.

Mr. Kern, First Delegate of Switzerland, transmitted to the Conference the expression of the regrets of Mr. Burckhardt-Bischoff, one of the Swiss Delegates, who had been called back to Basle by a bereavement in his family.

First Session.

The *President* begged the First Delegate of Switzerland to convey to Mr. Burckhardt-Bischoff the expression of the sympathy of the Conference. He then asked the Conference whether, before entering upon its deliberations, it would not consider it desirable to prepare a "*questionnaire*," or list of questions, as a programme, which would serve as a basis and starting point for its further labours.

Mr. *Vrolik*, First Delegate of the Netherlands, approved of this suggestion.

Mr. *Kern*, First Delegate of Switzerland, while recognising the advantages of this mode of procedure, asked the Conference whether, in order to facilitate the elaboration of this programme, it would not be advantageous to call upon the Delegates of each State first to set forth concisely the views of their respective Governments upon the questions, a solution of which was to be sought.

Baron *Von Thielmann*, First Delegate of Germany, signified his accord upon this point with Mr. *Kern*.

Mr. *Cernuschi*, Delegate of France, called attention to the fact, that the views of the different Governments, in regard to the monetary question, were already, in general, sufficiently known; there would, therefore, seem to be little use in causing the preparation of a "*questionnaire*," to be preceded by a series of declarations of principles successively formulated by the Delegates of each State represented at the Conference.

Mr. *Pirmez*, First Delegate of Belgium, agreed with this observation. It seemed to him logical to commence by the discussion, and to await the result of the debate before formulating conclusions.

To proceed otherwise would be to invert the natural order of the deliberations.

Mr. *Vrolik* shared this opinion. He thought it would be better first to discuss, from a scientific point of view, the questions submitted to the Conference. In following a different course there would be the danger of finding, as in 1878, that wide divergencies existed from the start, the immediate discovery of which might compromise the ultimate success of the labours of the Conference.

In the face of these objections, Mr. *Kern* withdrew his motion.

Mr. *Denormandie*, Delegate of France, continuing the debate, stated that the Conference was unanimous as to the necessity of preparing, either in the form of a "*questionnaire*," or otherwise, a programme for its deliberations; and that, further, a great majority seemed to be in favour of proceeding at once to the drawing up of such a programme, without any preliminary declaration of principles.

He proposed, therefore, that the Conference should appoint a committee from among its members, which should be charged with the preparation of a draft of questions (*questionnaire*).

Count *Von Kuefstein*, First Delegate of Austria-Hungary, supported this proposition.

The *President* inquired whether the Conference was disposed to select the members who should constitute the committee to frame the "*questionnaire*."

Mr. *Vrolik* replied, that the choice of the members of the committee might well be left to the honourable Delegates of France, as was done at the Monetary Conference of 1867.

The *President* expressed the opinion that the Delegates of the United States should be associated with those of France in this appointment.

This double motion having been carried unanimously, an adjournment for 15 minutes took place to enable the United States and French Delegates to hold a consultation.

When the sitting was resumed, Mr. *Denormandie* presented, in the following terms, the propositions agreed to by the Delegates of the United States and of France.

First. The committee to be charged with the preparation of a *questionnaire* should be composed of as many members as there were States represented in the Conference.

Second. The delegation from each country should select one of its number as its representative upon the committee.

Third. In order to make it possible for the Delegates of Great Britain, and of Italy, to take part in these preparatory labours, the first meeting of the committee should be set down for Saturday, the 23rd of April, at two o'clock.

Fourth. The conclusions of the committee in no case to be regarded as prejudging the solution of the questions under discussion, nor as pledging the Conference to anything, that body retaining entire control over the order of its deliberations.

These propositions were successively adopted without remark.

Baron

Baron *Von Thielmann* placed upon the table of the Conference, for distribution among the delegates, 30 copies of two official publications issued by his Government, and entitled, the first: *Documents relatifs à la réforme Monétaire en Allemagne*; and the second: *Exposé de la situation Monétaire en Allemagne*. (See Appendix, p. 142.)

First Session.

The *President* begged Baron *Von Thielmann* to convey to the German Government the thanks of the Conference for this interesting communication.

The Session closed at four o'clock.

SECOND SESSION.

Second Session.

Thursday, 5th May 1881.

Mr. *Magnin* presided, and there were present the delegates of—

Austria-Hungary,
Belgium,
Denmark,
Greece,
The Netherlands,
Portugal,
Sweden,

Norway,
Spain,
Switzerland,
The United States of America,
and
France,

who took part in the First Session, and—

- For Great Britain:

Mr. *Fremantle*, Deputy Master of the Mint, at London.

For British India:

Lord *Reay*.

For Canada:

Sir *Alexander Galt*, High Commissioner of Canada, at London.

For Italy:

Mr. *Seismit-Doda*, Member of the Italian Parliament, formerly Minister of Finance.

Mr. *Luzzatti*, Member of the Italian Parliament.

Mr. *Simonelli*, Member of the Italian Parliament; and

Count *Rusconi*, formerly Minister of Foreign Affairs, Secretary General of the Council of State.

For Russia:

Mr. *de Thoerner*, Privy Councillor, Director of the Department of the Treasury of the Empire.

For Switzerland:

Mr. *Burchhardt-Bischoff*.

The Session began at half-past two o'clock, p.m.

The Minutes of the previous meeting were read and adopted.

Mr. *Fremantle* conveyed to the Conference the expression of the regrets of Sir Louis Mallet, who was temporarily detained in England.

The *President* recalled attention to the fact that at the last meeting the Conference had postponed to the present Session the choice of its Vice President. Nearly the entire number of members being now present, the time would seem to have arrived to proceed to the completion of the organisation of the Assembly.

On motion of Mr. *Evarts*, the Vice Presidency was conferred upon Mr. *Vrolik*, First Delegate of the Netherlands.

Mr. *Vrolik* expressed his thanks to the Conference.

The Order of the Day called for the Report of the Committee which, at the last Session, had been instructed to prepare a draft of a *questionnaire*.

Second Session.
M. Vrolik.

Mr. Vrolik, Chairman and Reporter of the Committee, set forth the results of its labours in the following Report:—

Mr. President and Gentlemen.

It was your pleasure to decide at our first Session that there should be a *questionnaire*, and that each delegation should designate one of its members to constitute a committee which should be charged to draw up a draft of *questionnaire* to be thereupon submitted to the approval of the full Conference.

Conformably to the resolution of the Conference, this Committee met on Saturday, the 3rd of April.

Sixteen States were represented: Germany, by Baron von Thielmann; Austria, by Chevalier von Niebauer; Hungary, by Mr. de Hegedüs; Belgium, by Mr. Pirmez; Denmark, by Mr. Lévy; Spain, by Mr. Moret y Prendergast; the United States, by Mr. Dana Horton; France, by Mr. Cernuschi; Greece, by Mr. Braïlas-Arméni; the Netherlands, by Dr. Vrolik; Portugal, by Count do San-Miguel; Sweden, by Dr. Forssell; Norway, by Dr. Broch; Switzerland, by Dr. Kern.

The Committee was also able to profit by the presence at its meeting of two of the delegates who had not been present at the opening of the Conference, Mr. Luzzatti, for Italy; and Mr. de Thoerner, for Russia.

The Committee was also assisted in its labours by Messrs. Lavollée and Bruwaert, as secretaries.

The sitting was opened by Mr. Kern, the senior member, who proposed that the chairmanship should be tendered to Mr. Cernuschi, the representative of the State which offers us such generous hospitality; but Mr. Cernuschi declined the honour, and placed me in nomination for the office.

This proposition, so highly complimentary to myself, was accepted by the Committee; and it therefore devolves upon me to present to the Conference the draft of the *questionnaire* adopted by the Committee, in order to be submitted to the approbation of this assembly.

Permit me to preface the discussions to which this document may give rise by a short *résumé* of the course we have pursued in reaching an agreement upon it.

The honourable the President of the Conference had alluded to the possibility that some, if not all, of the delegates might have drafts of *questionnaires* to submit to the Committee. If such had been the case, or even if several delegates had made known their intention of presenting such propositions within a limited number of days, the Committee might have endeavoured, while recognising the great difficulties in this mode of procedure, to find a means of combining the different drafts in a single one, which would comprise, as far as possible, the questions proposed.

Fearing, however, that this course might present too many difficulties, and for that reason might be the means of much loss of time, the Committee believed that it would be more profitable to request the delegates of the two States from which the invitation had emanated, to take upon themselves the drawing up of a programme, which should be printed and distributed confidentially, at least forty-eight hours before the next Session of the Committee.

Mr. Cernuschi and Mr. Horton consented, after a short deliberation, to take charge of his work.

Upon the request of Mr. Cernuschi and of Mr. Horton, the delegates of the Netherlands, who, on their part, had prepared a draft of a *questionnaire*, placed it at the disposal of these gentlemen to make such use as they might deem proper.

Mr. Cernuschi and Mr. Horton having informed me that their labours were completed, was enabled to summon my honourable colleagues to meet on Tuesday the 3rd of May.

At the meeting held on that day we had the advantage of seeing among us, besides the members who had taken part in our First Session, Mr. Charles W. Fremantle, delegate of England, and Mr. Burckhardt-Bischoff, delegate of Switzerland, the latter of whom, owing to an afflicting bereavement, had not been able to be present at the First Session of the Conference, or at the first meeting of the Committee.

Mr. Cernuschi and Mr. Horton had each drawn up a programme; they had further asked the Dutch delegates whether there were any objection to printing the propositions of the latter also. No disadvantage being perceived in such a plan, the three programmes were laid before the Committee; and these have been printed and distributed to you all, gentlemen, in order that the whole Conference should be fully informed in respect thereof. (See Appendix, Sec. I., p. 139.)

After an interesting debate, characterised by the utmost goodwill on all sides, the Committee reached the conclusion that, while rendering full justice to the labours of Mr. Cernuschi and of Mr. Horton, which covered a very wide field of theory and of history, the Dutch propositions possessed the advantage of concentrating the attention upon the essential points which required to be discussed, conformably with the terms of the invitation extended by France and the United States, leaving at the same time complete liberty in examining the questions proposed by the Netherlands delegates, to discuss at the same time the various and most interesting subjects indicated in the propositions of the French and American delegates. These latter gentlemen, furthermore, did not hesitate on perceiving the tendency of ideas in the Committee, to withdraw their propositions, and to give their adhesion to the Dutch programme.

It may not be out of place to mention here that two rather marked tendencies have shown

shown themselves in the Committee, which will probably appear also in the discussions of the Conference. Second Session.

One of these tendencies is to give great prominence to the scientific side of the discussions; the other is to limit them, as far as possible, to practical, legal, and diplomatic questions. In the proposed *questionnaire* which is now laid before you, we have particularly endeavoured to avoid these two extremes.

M. Vrolik.

I may add that the other members of the Committee are glad to express their high appreciation of the manner in which Mr. Cernuschi and Mr. Horton have treated the subject; and the results of the labours of these two gentlemen are herewith submitted to the Conference where they will be found of great service in the course of the debates.

This, gentlemen, is a brief statement of the process which has led to the adoption of the *questionnaire* which we have the honour to submit for your examination.

Before proceeding farther, I am instructed by the Committee to formulate in its behalf two requests, and to present the same to our honourable President.

The first is: that if the *questionnaire* should have the good fortune to be adopted by the Conference, the Committee would very strongly recommend that, before the opening of the discussion of the first question, the President should give to those of the delegates who may have official communications to make, an opportunity to deliver them, and that, thereupon, a general discussion should take place before proceeding to the examination of the questions proposed.

The second request is: that if it should be intended to offer new, supplementary, or accessory questions, these could only be brought up for debate after having been first reduced to writing, laid upon the table of the Conference, and distributed to all the members.

I only mention a further request of our Committee, in order to thank our honourable President for having responded to it with courteous promptitude, viz., the request that he should re-convene the Conference as speedily as possible.

The recommendations contained in the Report made by Mr. Vrolik were successively put to the vote and adopted without debate.

It was therefore decided—

First.—That delegates having declarations to make in the name of their Governments, should have the opportunity to do so before the opening of the debates.

Second.—That a general discussion should precede the deliberations upon the different paragraphs of the *questionnaire* which should be adopted by the Conference.

Third.—That each delegate should retain the right, even after the adoption of a *questionnaire* by vote, to propose new, supplemental, or accessory questions, but that such questions should not be brought up for debate until they should have been first reduced to writing, communicated to the officers of the Conference, and distributed to all the members.

The *Questionnaire* prepared by the Committee was likewise adopted without debate. It was as follows:

I.

Have the diminution and the great oscillations which have taken place in the value of silver, chiefly within the last few years, been hurtful or not to commerce, and, consequently, to the general prosperity?

Is it desirable that the relation of value between the two metals should possess a high degree of stability?

II.

Should the phenomena referred to in the first part of the preceding question, be attributed to increase in the production of silver or to acts of legislation?

III.

Is it, or is not, probable that, if a large group of States should agree to the free and unlimited mintage of current coins of the two metals, with full legal tender faculty, at a uniform ratio between the gold and silver contained in the monetary unit of each metal, a stability in the relative value of these metals would be obtained, which, if not absolute, would at least be very substantial?

IV.

If so, what measures should be taken to reduce to a minimum the oscillations in the relative value of the two metals?

For instance:

I. Would it be desirable to impose upon privileged banks of issue the obligation to receive at a fixed price any gold and silver bullion which the public might offer?

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II. How could the same advantage be secured to the public in countries where privileged banks of issue do not exist?

III. Should coinage be gratuitous, or at least uniform, for the two metals in all countries?

IV. Should there be an understanding that international trade in the precious metals should be left free of all restraint?

V.

In adopting bimetallism what should be the ratio between the weight of pure gold and of pure silver contained in the monetary units?

The next order was the Declarations which the delegates might desire to lay before the Conference in the name of their respective Governments.

The Delegates of Germany, of Great Britain, British India, Canada, Denmark, Portugal, Russia, Greece, Austria-Hungary, Sweden, Norway, and Switzerland, then read the following Declarations:—

DECLARATION of the Delegates of Germany.

Mr. President and Gentlemen,

The Imperial Government of Germany, in taking part in this Conference, called for the object of establishing an international monetary system based upon bimetallism, does not intend by so doing to prejudice its future course of action; the declarations of its delegates should not, therefore, be regarded as definitely binding the Imperial Government, but rather as forming a basis for future negotiations.

At the time, between 1865 and 1870, when monometallism with the single gold standard gained ground throughout a larger portion of the civilised countries, and when, toward the close of that period, a considerable quantity of gold found its way into the treasury of the German Empire, the Government took advantage of the occasion to firmly establish its monetary system, and to regulate in an uniform manner, upon the basis of the gold standard, the systems which, up to that time, had prevailed in the different States of the Empire. If, at that period, Germany had retained the single standard of silver, or if she had adopted bimetallism, other countries could the more easily have passed to the single gold standard, since the establishment of bimetallism in Germany would have facilitated the sale of their silver.

The monetary reform in Germany, determined upon and decreed after mature consideration, is, at this moment, in a very advanced state. 1,747 millions of marks have been struck in gold coins, while 1,080 millions of marks in silver coins of earlier mintage have been demonetised; the cost of these operations amounting to 44 millions of marks.

According to the highest estimate, there still remain in Germany about 500 millions of marks in old thalers, including Austrian thalers.

This monetary reform has sensibly improved the condition of monetary circulation in Germany; not only has the general circulation augmented, as calculated per head of the population, but it has also gained in this respect, that the circulation of gold has increased, while that of silver money and of subsidiary coins, as well as of notes not covered by a metallic reserve, has diminished. While, therefore, considering the monetary system of Germany as established upon solid foundations, we in no wise fail to recognise the import of the fall in the silver metal which has since occurred.

It is generally agreed to attribute this fall less to the sales of silver made by Germany, than to the measure adopted by our Government of taking from silver its quality of legal tender, an action which led the States of the Latin Union to put a stop to their coinage of silver.

It cannot be denied that this latter measure, by doing away with the compensating effect which until then had maintained within narrow limits the oscillations in the price of silver, removed all obstacles to a progressive and limitless fall; it is, on the other hand, but just to admit that the fear of finding themselves compelled to receive a half milliard of marks of German silver, which could not fail to depreciate in a very considerable degree their own circulation, had no little influence in the decision taken by the Latin Union.

The fall of silver would, nevertheless, not have reached the point it did, if, at the same time, the production of that metal had not considerably augmented in America, while the demand in Asia was diminishing.

In view of these combined circumstances, the Imperial Government, in the month of May 1879, resolved to suspend its sales of silver, and they have not since been resumed. This action, by giving firmness to the condition of the metal market, tended to facilitate the initiative of those Powers which were interested in the rehabilitation of silver. It also had the effect of diminishing the demand for gold, a fact the more important since the decreasing production of the latter metal, in the face of a constantly growing demand, had, within the last few years, caused a certain degree of tension in the market.

We recognise, without reserve, that a rehabilitation of silver is to be desired, and that it might be attained by the re-establishment of the free coinage of silver in a certain number

number of the most populous States represented at this Conference, if these States, to this end, should adopt as a basis a fixed relation between the value of gold and that of silver. Nevertheless, Germany, whose monetary reform is already so far advanced, and whose general monetary situation does not seem to call for a change of system so vast in scope, does not find herself in a position, so far as she is concerned, to concede the free coinage of silver.

Her delegates are, therefore, not able to subscribe to any proposition of that nature.

The Imperial Government is, on the other hand, entirely disposed to do its best to second the efforts of other Powers which might wish to unite, with a view to the rehabilitation of silver by means of the free coinage of this metal. In order to reach this end, and to guarantee these powers against the influx of the German silver, which they seem to fear, the Imperial Government would voluntarily impose upon itself the following restrictions:

During a period of some years it would abstain from all sales of silver, and during another period of a certain duration, it would pledge itself to sell annually only a limited quantity, so small in amount that the general market would not be glutted thereby. The duration of these periods, and the quantity of silver to be sold yearly during the second period, would form the subject of ulterior negotiations. Such an arrangement would efficiently protect the mints of the bimetallic States against the unlimited influx of German thalers drawn from the national funds. Private individuals, or the Imperial Bank (which is a private bank under special control of the Government) would not be able, on the other hand, to cause thalers to flow to the mints of the bimetallic Union, except in the case of the balance of trade being against Germany, or unless the relation of 1 to 15½, established by the bimetallic Union, should undergo a considerable modification in favour of silver. This last contingency appears, however, but slightly probable.

In all other cases the exportation of thalers would of necessity entail a loss to those who might undertake it; and hence the countries of the bimetallic Union have no occasion to apprehend that the silver of Germany will inundate their mints. Furthermore, these operations could be rendered still more difficult by excluding specie in thalers from the coinage in the bimetallic Union; a measure of this kind would add to the other expenses to be borne by the exporters of silver, that of the cost of melting down and refining the thalers.

If an international arrangement based upon these indications could be arrived at, Germany would still remain free to sell silver within these self-imposed limits, or to sell none at all. But Germany, in order still farther to contract even these limits, might make other concessions.

She could provide in her own circulation a wider area for the metal silver, thus enlarging the use of it.

To attain this end, the Imperial Government would engage eventually to withdraw the gold pieces of five marks (27½ millions of marks) as well as the Imperial Treasury notes of the same value (40 millions of marks).

It might, further, melt down and recoin the silver pieces of five and two marks (71 and 101 millions of marks), taking as a basis a relation between the two metals approaching that of 1 to 15½, whereas, under existing legislation, 100 marks are made from the pound of fine silver, which is equivalent nearly to the ratio of 1 to 14.

You have here, gentlemen, the concessions which the Imperial Government would offer, and of which its delegates are now ready to discuss the scope and the details of execution.

DECLARATION of the Delegate of *Great Britain*.

Gentlemen,

Before the commencement of your discussions, I consider it my duty briefly to explain to you, with the permission of the President, the position which I have the honour to occupy in coming to take part in the deliberations of the Conference.

In the month of February last, the Government of Her Britannic Majesty received from the Governments of France and of the United States of America an invitation to take part in a conference between the Powers chiefly interested in the question of establishing the use of gold and silver as international money, and of securing fixity in the relative value of these two metals. "The Conference was to examine and adopt for the purpose of submitting the same to the Governments represented, a plan and a system for the establishment, by means of an international agreement, of the use of gold and silver as bimetallic money according to a settled relative value between these two metals."

Now, gentlemen, the monetary system of the United Kingdom since 1816, that is to say for more than 60 years, has been based on the single gold standard, and this system has satisfied all the requirements of the country, without giving rise to those inconveniences which have shown themselves in other countries, and under other monetary systems; and, for these reasons, it has been accepted by the Governments of all parties and by the nation. The Government of Her Majesty could not, therefore, take part in a Conference as supporting the principle of the double standard, and its answer to the invitation of France and the United States necessarily set forth the reasons which prevented it from taking part in the meeting which had been proposed.

The representative at London of the United States Government having however
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declared that the Powers represented at the Conference reserved to themselves entire liberty of action after the discussion, the Government of Her Britannic Majesty considered that it would be lacking in consideration towards friendly Powers to persist in its refusal to send a delegate from the United Kingdom.

It is thus, gentlemen, that I have the honour to take my place at the Conference as the representative of Great Britain. My instructions impose upon me the duty,—a duty which I shall be only too happy to perform,—of furnishing you with all the information you may desire concerning the laws and the monetary system of England. They do not permit me to vote upon the propositions which may be submitted to you ; but I venture to assure you that I shall none the less follow with the liveliest interest the discussions which may take place in an assembly where, as our President has so well said, are met together so many illustrious men, whose competency in monetary questions is universally recognised.

DECLARATION of the Delegates of *British India*.—Read by Lord Reay.

Mr. President and Gentlemen,

The Government of British India, in sending delegates to the Conference, is not to be regarded as having, by this fact, admitted the adoption of the principle of bi-metallism in the British Indies ; and in order that it may be free from responsibility for the conclusions which might be reached by the Conference, its delegates are not authorised to take part in the votes of that body.

Although the Secretary of State as well as the Council of British India do not believe it possible to nourish the hope in the present circumstances of a radical reform of the monetary system of India, they are ready to take into consideration such measures as might be proposed for introduction into India with the object of restoring the value of silver.

I have no need to assure your Excellency and you, gentlemen, that the Government of India will follow with the greatest interest your deliberations, and your resolutions, which may exert so powerful an influence upon the destinies of the Empire.

DECLARATION of the Delegate of *Canada*.

I am instructed by the Government of Her Britannic Majesty to state, on behalf of the Government of Canada, that, while it will give the most respectful consideration to the conclusions of the Conference, the Government of Canada desires to reserve perfect freedom of action in respect to such conclusions.

I am further instructed to state that, while authorised to vote on the questions submitted to the Conference, such action must not be considered as prejudicing the future action of Canada.

DECLARATION of the Delegate of *Denmark*.

As the Danish Government has no intention of abandoning the single gold standard introduced into the country a few years ago, I have received instructions on the part of my Government to abstain from all discussion of the manner (*quo modo*) by which the bi-metallic system could be regulated.

DECLARATION of the Delegate of *Portugal*.

Mr. President and Gentlemen of the Conference,

The Portuguese Government, in accepting the cordial invitation of the Governments of France and of the United States of America to be represented at this Conference, desired, while fulfilling a duty of international courtesy, to give to these two Governments a proof, in all respects deserved, of consideration and deference ; but it frankly stated to them that the Portuguese monetary system now in force would not allow of its entry into the bi-metallic Union now contemplated.

To this declaration, which I am instructed to make to the Conference, I must add that the Portuguese Government intends to reserve to itself most explicitly the ultimate determination and the fullest liberty of action concerning the conclusions which the monetary Conference may adopt.

It follows from this, that my official position at this Conference necessitates the greatest reserve on my part. I have not been empowered to vote upon any question tending to bind my Government in any manner whatsoever, or to express an opinion which might give reason to think that the Portuguese Government was disposed to abandon the attitude which it has deemed its duty to take in causing itself to be represented here. My opinions therefore, if I should be led to take part in the debates, will be simply and entirely personal.

My duty will be to follow and to study the state of the question as it may develop itself in the course of the discussions, and to report upon the same to my Government, while attaching to it all the interest which so important a question deserves, a question so intimately connected with all the movements of social life.

DECLARATION of the Delegate of *Russia*.

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The Russian Government in sending a delegate to the International Monetary Conference, upon the invitation of the Governments of France and of the United States of America, has done so with the intention:

On the one hand to be able, with a complete understanding of the opinions exchanged in this assembly, to take into consideration the resolutions which may be reached by the Conference upon the monetary question;

And on the other hand, so far as it lies in its power, to put the Conference in a position to obtain directly from the Russian representative all the information upon the monetary situation of Russia which the Conference may require for the elucidation of the general question.

But, at the same time, the Russian Government wishes to preserve entirely its opinion upon the matter, and not to fetter its own liberty of action in any way by the resolutions of the Conference.

So far as concerns my personal position in this assembly, I cannot do better than repeat what has just been said on his own behalf by my honourable colleague the representative of Portugal.

DECLARATION of the Delegate of *Greece*.

The Delegate of Greece, in view of the declarations made by the delegates of England, of Russia, of Portugal, &c., considers it his duty also to declare that, in his capacity of representative of a State which has adopted monometallism, he would not be able to join in any measure which might lead to a change in this system. He will be most happy to take part in the labours of the Conference, and he will, while reserving to it full liberty of action, most willingly report to his Government upon any other question which may be proposed and discussed.

DECLARATION of Count *Von Kuefstein*, in the name of the Delegates of *Austria-Hungary*.

Mr. President and Gentlemen,

It was not my intention to make a formal declaration at this Session, but since a number of delegates have given explanations of the sense in which their respective Governments accepted the invitation of the Governments of France and of the United States, I likewise beg leave point out in a few words the position of our Government. I scarcely need to do more than to go back to the Conference of 1878; our situation is very nearly the same as it was at that period; we follow the labours of this honourable assembly with the same sympathy, and we make the same reservations.

The peculiar state of our circulation is not unknown to you. It is essentially one of paper money. It is true we are making the most earnest efforts to resume our payments in specie; nevertheless, up to the present time we have not been able to accomplish the desired result. This state of things places us in a somewhat delicate position in view of the important questions with which this honourable Conference will find itself engaged.

Our attitude will therefore be chiefly one of friendly reserve; and, while taking, *ad referendum*, the results of our deliberations, we are not able to enter into any engagement upon any particular point. And further, if either one of us should think proper to take part in the discussion, it would only be to express his personal opinions.

At the same time we have no hesitation in saying, in accordance with what the Imperial and Royal Government declared at the Conference of 1878, that from the present our sympathy is assured for any and all measures which may be adopted with the object of ameliorating, or of restoring as far as possible, the position of the white metal.

We gladly cherish therefore the hope that the Conference will not finally separate before adopting some remedy for the evils of the present monetary situation, which, in our opinion, are serious from more than one point of view.

With all the reserve which our peculiar position imposes upon us, we shall still take part in the interesting labours of this assembly with the liveliest interest and the most profound sympathy.

DECLARATION of the Delegate of *Sweden*.

Mr. President and Gentlemen,

I will make known in very few words the position of the Delegate of Sweden; my Government, while reserving entire liberty of action upon the subject of its monetary system, has given permission to its delegate to take part in the discussions of the Conference.

DECLARATION of the Delegate of *Norway*.

You are aware, Gentlemen, that the Scandinavian countries have a monetary union based upon the single standard of gold; my Government reserves all its rights, but has given me entire freedom to take part in the discussions, saving only my obligation to report to it finally.

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DECLARATION of the Delegates of the Swiss Confederation.

The Swiss Delegation declare that the Confederation, in so far as it is concerned, has no reasons to call for modifications of the arrangements adopted by the monetary treaty, known as that of the Latin Union, on the 5th of November 1878, and of which the duration was fixed at seven years. They add, that Switzerland has, nevertheless, declared herself ready to take part in the Conference called at Paris under the initiative of the Governments of the French Republic and of the United States of North America.

As the invitation to the new Conference implies the desire to arrive at the conclusion of an international treaty authorising the free coinage of gold and silver as bi-metallic money, the Swiss delegates will confine themselves to hearing the reasons which have moved the Governments of the United States and France to adopt this course; they will also advise the Federal Council of the attitude which the great commercial powers, notably England and Germany, may assume with regard to the Franco-American propositions, and they will ask further instructions before taking their ground, and before deciding, in the name of Switzerland, with regard to these propositions, whether it be to approve or to reject them.

As a result of what has been stated, the mission of the Swiss delegates is to take part in the Conference for the present, *ad audiendum et referendum*.

They make, at the opening of the Conference, this formal declaration to that effect, and reserve, against all contingencies, the position, as of right, of the States of the Latin Union as fixed by the Convention of the 5th of November 1878, and they add, in order that no doubt may remain upon this point, that the Federal Council has sent delegates to the Conference only because it considers this Conference as being of a preparatory nature, and nothing more, and as having for its sole task to discover the bases upon which the terms of an acceptable treaty might be constructed.

The Swiss delegates will therefore not take part in any decision of whatever nature it may be, without having first made a report to the Federal Council, and having received subsequent instructions from the latter.

Official notice was duly taken of the receipt of these several Declarations.

The general discussion upon the whole of the questions submitted to the Conference was then opened.

Mr. Cernuschi, Delegate of France, desired, in the first place, to convey to the Conference the impression which had been made upon him by the Declarations just read, notably those of the delegates of Germany and of Great Britain. The Conference could not fail to note the considerable importance of these Declarations.

Upon what condition, in reality, did the success of the work depend upon which this assembly was entering to-day? Upon the concord of the four great metallic Powers of the globe, France, the United States, Germany, and Great Britain. The understanding between France and the United States was already an accomplished fact, of which the meeting of the present Conference, summoned by the two Republics, might be considered the official confirmation. The success of the Conference and the fate of bimetallism, then, only depended upon Germany and England. If these two join France and the United States, bimetallism becomes the monetary law of the whole world; if one of them should join, it would still be possible; if both should refuse their co-operation, it would be condemned to remain impracticable.

Now what is the purport of the Declarations which have just been read to the Conference? It is, in the first place, that the concurrence of Great Britain is, for the time being, refused.

In spite of the recent manifestations of the Chambers of Commerce of Liverpool and of Birmingham, notwithstanding the petitions signed at Manchester and London by the banks and the great merchants, who are, by reason of their extended relations with India, peculiarly interested in the success of bimetallism, England persists in maintaining the monetary system established in 1816 by Lord Liverpool.

We cannot be astonished at this. In acting thus, the British Government is, in a certain sense, only carrying out its time-honoured methods. England never abandons her traditions except with extreme circumspection; she needs 10 years to accomplish an economic evolution.

It took 10 years for Sir Robert Peel to pass from the camp of protection to that of free trade; 10 years to cease from being a partisan of paper money and an adversary of coin.

The Cabinet of London may still require some time before it adheres to the principle of bimetallism; but its conversion may almost be regarded as certain.

As far as Germany is concerned, the situation is entirely different; the conversion of that country to the principle of bimetallism no longer remains to be undertaken; it is already an accomplished fact.

Speaking through its first Delegate, the German Empire has admitted that the rehabilitation of silver is desirable, and it declares itself disposed to lend its aid in such an undertaking. Looked at from the point of view of principles and of monetary science, this gives cause for complete satisfaction; we have only to recognise it, and congratulate ourselves accordingly.

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M. Cernuschi.

Let us examine from a practical point of view what Germany offers. She makes certain propositions, the importance of which cannot be denied, but which yet seem insufficient.

She asks the other States to enter into engagements looking toward bimetallism, and gives reason to hope that she will defer the realisation of her gold monometallism.

It is true that she promises to maintain the suspension of her sales of silver. Nevertheless it remains none the less true that German bankers could send silver in payment, and would not receive that metal. In this there would be a dangerous inequality, against the consequences of which it is necessary to be on our guard.

There is no cause to find fault with the attitude of the German Government. It is justified by the situation, and by the conditions under which the German Empire has recently carried out its monetary reform, as Baron Von Thielmann very justly pointed out a few minutes ago. His account of the transaction suggests to me at once a proposition which I think it well to communicate to the Conference, but upon my own personal responsibility.

Germany was the first to go into the experiment of gold monometallism at a time when that monetary system was the object of an universal infatuation, amounting almost to a craze. In 1869, the Chancellor of the Exchequer, Mr. Lowe, was able to declare in Parliament, on the occasion of the propositions for monetary unification made by France, that he would never treat with a country which retained bimetallism; but he expressed himself as disposed to reduce by one grain the weight of the £. sterling, in order to bring it nearer to the international piece of 25 francs, but only upon the condition that France should give up the coinage of silver; and he was able to add, without being contradicted, that the French Government was inclined to agree to such an arrangement. At the same time, on this side of the channel, a monetary investigation, with a very extensive scope, was being vigorously prosecuted before the Superior Council of Agriculture and Commerce, the conclusions of which examination were favourable to the adoption of gold monometallism. An International Conference, which met upon the occasion of the Universal Exhibition of 1867, had already pronounced in favour of the same views; and it may be said that everything seemed to presage the early triumph of monometallism.

It was immediately after these significant events that Germany proceeded to the reform of her monetary system; and it was natural enough that she took the course which she did. She did not wish, by becoming a bimetallic power, to run the risk of being used as a stepping-stone by the other States which at that time were, nearly all, moving towards monometallism; she did not wish to aid her neighbours to adopt gold monometallism, so that they might be able thereafter to use it against herself. Such a policy, apart from the error upon which it was based, seemed rational enough; but it is none the less certain that if, in 1871, Germany had not felt this fear, she would have preferred bimetallism, which she acknowledges to-day to be logical and legitimate, from a scientific point of view. She would thus have saved 96 millions of marks which the other States have gained at her expense.

In the present condition of affairs, what is the proper thing to do? We must, so to speak, blot out from history these last 10 years, and return to the *status quo* which existed before the monetary war; in a word, we must liquidate the disastrous experiment attempted by Germany.

In purchasing from the German Treasury, as merchandise, a metal depreciated by its demonetisation, and afterwards putting in circulation this same metal transformed into money at the legal rate of 1 to 15½, or 1 to 16, all the States have made a profit at Germany's expense. Let each one find out the sum of its gain, and reimburse Germany in the amount; and Germany thus indemnified for the 96 millions of marks she has lost, could return without restrictions to bimetallism.

If the total so raised should not be equal to the loss sustained by Germany, could not India be asked to make up the difference? In facilitating the return of Germany to bimetallism, and, through her, of the whole world, we should be working chiefly to the advantage of India. No country would profit so much as India by such a change. Bimetallism restored would mean for the Indian Treasury an annual saving of at least 25 millions of rupees which it now loses by the exchange on the 17 millions of pounds sterling paid to England.

To sum up, then, there remains upon the Continent no great State to be converted to bimetallism. Austria-Hungary and Russia, while still under the dominion of paper money, are favourable to our enterprise; Italy, Spain, and the Netherlands are seconding our efforts. Success would not be rendered doubtful by the resistance of certain countries which, like the Scandinavian States and Portugal, are in a peculiar position, and one which they might, moreover, retain.

In reality, everything now depends upon Germany; and as an agreement appears to have been arrived at with regard to principles, the time has come to negotiate with that Power the practical conditions of an understanding.

Mr. Broch delivered the following Discourse:—

I have asked permission to speak at the opening of the discussion, because, of all the delegates present at this meeting, I am the only one who has taken part in all the international monetary Conferences, beginning with 1867. I have asked it also, because I was one of the chief promoters of the monetary reform which has recently been accomplished by the

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Scandinavian States, and of which the result has been the introduction of gold monometallism into those countries almost without loss to the Treasury, and without injury to private individuals. While this fact exercised but a very slight influence upon the general market of the precious metals, it would seem none the less useful to refer to it for the sake of example.

If we compare the monetary conditions which obtained in Europe 35 years ago with those which are found there to-day, we are struck with the rapid progress of gold monometallism.

Thirty-five years ago England alone had the single standard of gold; all the other countries were either in fact and law, or simply in fact, silver monometallic. Thus, in the Netherlands, though gold ducats were coined, they circulated, chiefly in foreign countries, as commodities without official value. Because of the fineness and exactness of their standard, they were highly esteemed in the Levant, and particularly in the Balkan Peninsula; but these ducats had no fixed rate of currency within the Netherlands, although their coinage was free. The only standard of the Dutch Kingdom was the standard of silver. Russia, Germany, and Austria also coined gold ducats, Friedrichs d'or and pistoles for exportation; but, like the Netherlands, these countries used, within their borders, only silver money. France, it is true, was under a bimetallic law, but her monetary circulation consisted principally of silver. From 1789 to 1848 she coined four milliards of francs in silver money, while the quantity of gold coined during the same period represented only one milliard. Everywhere in Europe gold was at a premium; everywhere, not only domestic, but foreign circulation, was effected by means of silver.

At the present time the situation is absolutely reversed. Throughout the whole of Europe the mints are no longer open to the free coinage of silver. In all countries it is the State alone that coins this metal, in quantities more or less limited; everywhere foreign exchange is calculated on a gold basis. Gold has become in Europe the only true instrument of exchange. On the other side of the Atlantic, in the United States, the relative positions of gold and silver are similar. After numerous changes of legislation, the monetary system of the country is regulated by the Bland Bill, which has, no doubt, established in appearance a kind of limited bimetallicism; but, in reality, gold monometallism remains in America as in Europe. The Bland Bill provides, in effect, nothing more than that the Federal Treasury shall employ, each month, in purchases of silver bars for coinage, a sum which shall not be less than two millions, nor more than four millions of dollars. In point of fact, since the passage of the Bland Bill, the Government of the United States has never exceeded in its purchases of silver the *minimum* of two millions of dollars; the silver money manufactured by means of these purchases has not even been able to get into circulation, but has remained, one half of it at least, in the vaults of the Treasury; and gold remains master of the monetary market.

What are the causes of this great economic revolution which, in all places, and more and more, tends to substitute the yellow for the white metal? They are numerous and complex. But it will suffice to enumerate the more important, in order to convince ourselves that the gradual elimination of silver by gold is not an accident, but the natural, logical, and necessary result of the circumstances, and of the progress of civilisation.

The principal of these causes was the discovery of the great gold mines, first in California, then in other parts of the United States, and in Australia. Within 30 years the quantity of gold has doubled; in this short space of time, trade and commerce have thrown into the circulation as much gold as mankind had accumulated in four centuries.

It is true that during the same period the production of the mines of silver has also augmented to a very considerable extent, but the rate of increase has been much less rapid for silver than for gold, as is proved by the Table of the production of gold and silver since the 15th century. (See Appendix, pp. 232-237.)

Simultaneously with this development of the production of the precious metals, and chiefly of gold, other economic and social phenomena were coming into prominence, which will make of our century one of the grandest epochs in the history of civilization and humanity. Thanks to the discoveries of science, to the expansion of the means of communication, the intellectual and industrial life of nations was, as it were, transformed.

Nations began to have a consciousness of their common interests; the different national markets tended, more and more, to form but one great universal market. Commerce, and especially international commerce, developed to an extent previously unknown; travelling entered more and more into the general habits, and was accomplished with marvellous facility; international investments and securities became an element of constantly growing importance, entering more and more largely into transactions and the settlement of accounts between one nation and another. By this latter means, only recently, Europe was able to pay in American securities for the enormous supplies of cereals which three successive bad harvests had compelled her to get from the United States.

Providentially, this transformation in the economic world coincided with a prodigious augmentation in the production of gold, for the one would not have been possible without the other. People imagine, it is true, that the precious metals will be less and less needed; that commercial dealings will be settled by the help of bills of exchange, by setting-off balances, by clearing-houses. This may prove to be true, so far as concerns the large affairs of commerce, but there is a great variety of small transactions which

which can only be effected by means of gold. Thus, for instance, gold is the metal, and the only metal, which suits the purposes of travellers; neither silver, which is inconvenient and heavy, nor even letters of credit, can take the place of gold during rapid journeys. Gold alone is the necessary agent of frontier trade, which Governments, in all parts of Europe, seek to make easy, and which is always carried on for cash. Gold alone makes it possible for merchants to profit by the advantage of a journey to settle personally and by specie payments, their accounts with their correspondents in neighbouring countries without recourse to the onerous intervention of bankers. In fine, gold is the metal the most suitable, not, as has been said, to the rich countries, but to the countries having proportionately the most fully developed means of communication, the most travellers, and whose commercial transactions reach the highest figure.

Therefore the United States and Europe are, in fact, or in law, gold monometallic, while British India, which has, in proportion to its population and extent, a railway system ten times less than that of Europe, retains its monometallism of silver.

True, the bimetallists claim that their system would offer the same advantages as gold monometallism, but upon condition that the coinage of silver should be everywhere permitted. Now, I think, on the contrary, that with this unlimited coinage the dangers of bimetalism are considerable, and I acknowledge at the same time that, without this unlimited coinage, there can be no real bimetalism. Upon this point I agree with Mr. Cernuschi.

He showed clearly that a bimetallic system with the ratio of 1 to 15½ was the only bimetalism acceptable, not only to France and the countries of the Latin Union, but to the rest of Europe; and that gold monometallism would be preferable to bimetalism with the ratio of 1 to 18. I am also prepared to admit with him that there can be no true bimetalism, unless the coinage of the two metals is free and unlimited, as well for private individuals as for States, and unless bullion is everywhere immediately exchangeable, minus a charge of one-fifth, one-fourth, or one-half per cent. at most, for bank notes having legal currency, or for coin. This system is already followed as to gold in England and Norway; but, with unlimited mintage of the two metals, and even with unlimited coinage of silver alone, it becomes impracticable in the present condition of things. It would be very difficult, very perilous for the great States, and the small States could not attempt to apply it.

Bimetalism presents, moreover, one especially formidable objection, and one which is frequently overlooked, viz., that the liquidation that would follow on the dissolution of an universal or very extended monetary union.

It is very evident that if the two metals were admitted to coinage, without limit, in the mints of all the States composing such a monetary union, the silver bars to be coined would be sent by preference, or perhaps exclusively, to the mints of the great States. In these alone could the owners of bullion expect to find a sufficiently complete and perfect machinery, to enable them to withdraw rapidly their coined metal without having recourse to mint certificates, and without losing interest during the time required for the coinage, which in the case of silver is always long. Now the coins thus manufactured would necessarily bear the arms or the effigy of the sovereign of the State within the territory of which they had been coined; and not less inevitably, by virtue of an unquestioned principle of international law, would it devolve upon the same Powers to take them up if the monetary union should be dissolved. Whence it would result, that at the expiration of the compact of union, two or three great States would have to receive alone the immense quantity of silver which, until then, would have circulated, if not over the whole globe, at least over a notable part of the civilized world.

As a result of this obligation, they would suffer an incalculable loss, which even the greatest financial powers might not be able to withstand, and to which the smaller States should not expose themselves.

Even if an universal monetary union should be formed, and should be maintained upon the basis of the relation of 1 to 15½, the difficulties and dangers of bimetalism would still be considerable. By reason of its intrinsic advantages, gold would command a premium, and it would be an illusion to believe that the banks would continue to put it into circulation while keeping silver as metallic reserve. No doubt the Bank of France pays its notes to-day in the yellow or the white metal without distinction, but the reason of it is simple. Bimetalism being only partial, gold is necessary in transactions with certain foreign countries, and the Bank of France realizes from this fact, that if it refused to pay out gold it would be doing a serious injury to French trade. The case would be otherwise as soon as bimetalism became universal; then the banks would probably deem it important to keep a certain quantity of gold in their reserves; they would seek to procure it, even by submitting to a premium, and they would pay in silver, the consequence of which would be, that after a short time the internal circulation would become overloaded with that metal.

Another unfortunate result of the universal adoption of bimetalism at the ratio of 1 to 15½ would be an augmentation in the monetary wealth of the world, and, as a consequence, a depreciation of the metals, accompanied by a corresponding and general rise of prices. It is estimated that at the present time the coined metal in circulation throughout the whole world represents 34 milliards of francs (18 in gold, 16 in silver). These latter 16 milliards, calculated at 15½, are not worth in reality more than 14 milliards, the difference between the legal and the real ratio being that between 15½ and 18; that is to say, about 18 per cent.

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On the day when the proportion of 15½ should become universal and obligatory, silver would rise 18 per cent., gold would fall, and the prices of all commodities, especially of those which come from the East, and are paid for in silver, would experience a considerable advance. This rise would become more evident by degrees, as the monetary market became glutted with the product of numerous silver mines which are now lying idle, or are worked but little, and almost at a loss, but the working of which would again become remunerative, thanks to the raising of the value of silver. A rise so general, so sudden, and so considerable, would throw the economic and commercial world into confusion, and would carry disturbance into all classes of society. It would change all the relations of mankind among themselves, and would be equivalent to a reduction of all debts. Now it is not not only unjust thus to produce by a legislative measure an artificial rise in all commodities; it is dangerous to do so, for it is to expose ourselves, in like case, to grave social complications. We are answered that the workman's wages would increase in a proportion equal to the rise in commodities, and that by this means the equilibrium would be restored; but experience has shown that, practically, such is not the fact.

Wages of labourers rise but slowly, after desperate struggles and at the end of repeated strikes; they never advance as rapidly, nor to the same extent, as the prices of commodities. The working class would therefore inevitably suffer from the augmentation of the value of silver, the result of bimetallism at 15½. The same would be true of public functionaries who would be reduced to a lower position in the social scale unless the State decided to grant them a very considerable advance in salaries.

Is it rational to enter upon a road which leads to a general rise of prices? A tendency in this direction, as the world's history clearly shows, is but too evident and too constant. This phenomenon when observed during a small number of years, almost escapes observation; but for a period of long duration it assumes considerable proportions. It is equally marked in natural products intended for consumption, such as cereals, and in manufactured articles. Certain chemical or metallurgic productions have fallen in price, but only as a result of the progress of science. As far as concerns manufactured articles in general, the rise is the more remarkable, since it affects commodities of which modern invention in the processes of manufacture constantly tends to reduce the cost of production. The nominal value increases notwithstanding, evidently because of the constant depreciation of money. Is it wise by legislative measures to accelerate this movement towards a general advance of prices? (See Appendix, pp. 238-241.)

To sum up, then, it is without a doubt of great importance, not to "rehabilitate" silver, which seems impossible, but at least to put a stop to its fall. But the true way of succeeding in this is, not by arbitrarily raising the value of this metal in Europe and America, but by encouraging its use in the countries of the East which still have a preference for it; in that vast Chinese empire scarcely yet opened to Europe, in that immense African continent which is now invaded from all sides, and where trade is still carried on under the primitive form of barter, but where it would no doubt be easy to introduce the use of silver money. In order that silver shall be able to raise itself from its present discredit, it will not be sufficient for the extension of civilization to accelerate the circulation of it in the East and in Africa; it will, further, be necessary that the civilized nations of Western Europe and America make like progress in their capacity to consume the raw materials produced in the former countries. Now it is unhappily too true that the disastrous system of armed peace which prevails to-day has the effect among the different peoples of Europe of diminishing their capacity as consumers. By overloading the budgets, by keeping under the colours three millions of men in the prime of life, the army, even in time of peace, reduces in a very considerable degree the productive power of all nations, and for the same reason, their ability to consume; but it is to be hoped that this unfortunate state of things, the result of the faults of our ancestors, will not last for ever, and that as wants increase with the possibility of satisfying them, the markets of Europe will offer a continually enlarging outlet for the natural products of those countries in which the use of silver money prevails. Already these countries have absorbed a very great mass of this metal. Thus, in examining the table showing the trade of British India from 1855 to 1880, we observe that in that quarter of a century the Indian Empire imported specie to the amount of two and a-half milliards of francs in gold, and five and a-half milliards of francs in silver. During the same period Government bills were drawn upon India for more than four and a-half milliards of francs. Of the enormous mass of specie sent to India, a very small portion (250 millions of francs in gold, and 750 millions of francs in silver) has been exported by sea; another part, made up principally of gold coin, and in an amount which it is very difficult to estimate, has probably been exported by land in the direction of Persia and Afghanistan. All the rest must have remained in India, and have accumulated there, either in the shape of jewels, or of hoards. Now, the demand in Europe for Indian products, and the corresponding demand by India for European silver, far from diminishing, will only increase in the future. The stock of silver metal will thus find its outlet by a process slow, natural, and logical, far preferable to the sudden and fictitious rush which would result from measures of legislation.

I, therefore, persist, as I did in 1867, and as I did in 1878, in advising the States of Europe and the United States to adopt the single standard of gold. In spite of all that has been said, those countries could procure that metal in sufficient quantity to satisfy all the wants of commerce. The production of gold still amounts to a half milliard of francs annually, and there is little likelihood that it will sensibly diminish. There is, therefore,

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the certainty of having enough gold to meet all needs, even if the States now under a forced paper currency should resume their payments in specie.

These States will, in fact, require a long time to get back to coin; they will not all resume at the same period, and they already possess a certain amount of gold for their foreign trade.

I therefore perceive no danger; I see, on the contrary, only advantages in Europe and the United States maintaining the *status quo*.

I would even counsel them to make their preparations from this time forward, to leave it sooner or later, in order to pass to the standard of gold; for, in all the civilized countries of the West, the future belongs to gold, and to gold alone.

Mr. Broch placed in the hands of the Secretary of the Conference two memoranda, the first showing the relation between the price of gold and that of silver in the London market from 1845 to 1880; the second, the monetary system of the Scandinavian States, and the total amount of the coinage in the Scandinavian Union up to 31st December 1880. (See Appendix, pp. 228, 229, and p. 145.)

On motion of Baron Von Thielmann, the session was suspended during half-an-hour.

At the expiration of the adjournment, Mr. Moret y Prendergast, delegate of Spain, proposed that the Conference should make an alteration in the order of its labours on account of the very great importance of the propositions of the German Government, and of the declarations of the delegates of Great Britain, British India, and Canada. On the one hand the communication of the first delegate of Germany raised questions of an exceptional gravity from a practical point of view, and such as most of the Governments represented at the Conference were probably not prepared to answer. On the other hand, the English, Indian, and Canadian Declarations, while denoting the intention to resist the introduction of a particular system of monetary circulation, still indicated not only a real sympathy with the attempt, made by the Conference, towards an amelioration of that circulation, but also a disposition to lend aid in such an effort under conditions, and to an extent, which could not, as yet, be definitely determined. In view of these different declarations, the delegates themselves and their Governments required to study and thoroughly examine the propositions therein contained, to consult competent financial authorities, and to confer together. He therefore proposed:—

1st. To devote one session, which might be at an early date, to a general discussion of the German, English, Indian, and Canadian Declarations, for the purpose of arriving at their scope and value.

2nd. To adjourn, thereupon, to a date which might be fixed by the Conference, or which the President of this Assembly might be left to determine, but which should, in any case, be sufficiently distant to permit of the opening and carrying on of negotiations.

Mr. Vrolik remarked that the adjournment of the Conference to an uncertain, but in any event to a distant date, might be interpreted in an unfavourable sense, especially if taking place almost at the commencement of their labours, and at the very time when the Conference had just adopted a programme for its deliberations, and had happily completed its organization by the arrival of the delegates of Great Britain, India, and Canada. The proposition of the delegate from Spain should, he thought, not be entertained until an adjournment could have been preceded by a more or less extended discussion of the various points indicated in the *questionnaire* which the Conference had taken as a basis for its deliberations.

The President proposed to the Conference, as a means of reconciling the two propositions presented by the delegates of Spain and of the Netherlands, to continue the general discussion of the *questionnaire*, and thereafter to examine each one of the paragraphs which it contained, but without adopting any resolution or coming to any vote upon the questions embraced in the programme. At the close of such an examination, in which the opposing doctrines would be debated, the motion for adjournment presented by Mr. Moret y Prendergast might be introduced with advantage.

The delegates of Spain and of the Netherlands agreeing to this view of the matter, the continuation of the general discussion was set down for Saturday, the 7th of May, at two p.m.

The session closed at half-past five o'clock.

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T H I R D S E S S I O N .

Saturday, 7th May 1881.

Mr. *Magnin* presided, and there were present the delegates of—

Austria-Hungary,	Portugal,
Belgium,	Russia,
Denmark,	Spain,
Germany,	Sweden,
Great Britain, British India, and	Norway,
Canada,	Switzerland,
Greece,	The United States of America,
Italy,	and
The Netherlands,	France,

who attended the previous Session.

The Session began at 2.30 p.m.

The minutes of the previous Session were read and adopted.

- The *First Delegate of the Netherlands*, on his own behalf and that of all his foreign colleagues, expressed a wish that the Monetary Conference should be allowed to pay its respects to the President of the French Republic.

The *President* replied that he would at once convey to the President of the Republic the expression of the desire evinced by the Conference. He had no doubt that the President of the Republic would be happy to receive the delegates.

Mr. *Denormandie* invited the Conference to visit the Bank of France.

This offer was cordially accepted, and the visit fixed for Monday the 9th May.

The *Delegate of Portugal* communicated to the Conference a note on the monetary system of Portugal, the manufacture of coin in that country, and the monetary situation of the Portuguese colonies. (See Appendix, 151.)

Mr. *Cernuschi*, Delegate of France, laid on the table of the Conference, as the complement to the suggestion made by him at the last Session respecting the reimbursement of the 96 millions of marks lost by Germany, the following proposition:—

“The Governments here represented are requested to furnish the Conference with detailed information concerning their mintage of silver since the 1st January 1874.

“To state the quantities of silver converted either into coin with unlimited legal tender, into coin with limited legal tender, or into coin current outside the State manufacturing it.

“The cost, to each State, of the metal which served to manufacture these different coins.

“The additional sum which must have been expended in buying the silver thus minted, if bimetallism, at $15\frac{1}{2}$, had been in force, that is to say, if silver had still been worth $60\frac{1}{16}d.$ per English ounce, $\frac{37}{100}$ fine.

“The total amount of the profit realised by the State, by buying silver at prices below $60\frac{1}{16}d.$

“To state the amount manufactured for private individuals which yielded no profit to the Government, and give the price of silver at London at the time when these individuals presented the bullion for mintage.

“To indicate, if possible, the source of the ingots by the marks they bore.

“To state whether old demonetised coins have been re-minted, and to what amount.

“To state whether the banks of issue themselves presented silver for mintage, and how much; and whether the profit resulting from the difference between the nominal value of the coin and the price of the metal accrued to the banks themselves or to the State.

“The German Government is requested to state how much silver money was coined by the various German States in 1869, 1870, 1871, and at what date the last thaler and last florin were coined.

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"The German Government is requested to state at what date it ceased coining double thalers.

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"The French Government is requested to obtain official information on the mintage of silver in Roumania, Servia, Montenegro, and Bulgaria."

M. Pierson.

The Conference resolved that this proposition should be printed and distributed, in order that the delegates might communicate it to their respective governments. (*See Appendix, Section III.*)

Mr. *Cernuschi* asked whether the German Government would deem it expedient to withdraw, *en bloc*, from circulation all the thalers, which were now neither saleable nor fit to be melted down, and to substitute State notes in their place. This operation, which might be very rapidly effected, would have the twofold advantage of preventing any clandestine mintage of thalers, and of ascertaining the exact importance of the stock of silver existing in Germany.

The *First Delegate of Germany* replied that his instructions did not allow him to transmit to his Government, either officially or even informally, the proposal just made by Mr. *Cernuschi*, but the Berlin Cabinet would, of course, have cognisance of it through the insertion of the question in the minutes. Personally, Baron Thielmann did not think that if the operation proposed by Mr. *Cernuschi* were effected in Germany it could be carried out at a very early date. He remarked, moreover, that but slight uncertainty really existed as to the value of the stock of thalers still in circulation in the German Empire. The estimates differed but little; they varied between 410 and 500 millions of marks, and the Conference might consider the mean of 450 or 460 millions of marks as very near the truth.

Mr. *Cernuschi* remarked that by now completing the withdrawal of the thalers from circulation, either in order to sell them, or to convert them into marks, the German Government would merely hasten the inevitable conclusion of its monetary reform, for the creation of the mark logically and necessarily involved the disappearance of the thaler, as German money, at a more or less distant time.

The *First Delegate of Germany* replied that the German monetary reform certainly did not appear to have been made with the idea of indefinitely retaining the existing stock of thalers, but he added that the date at which these thalers should be demonetised, or re-coined, could not be foreseen.

The *President* declared the matter at an end.

Mr. *Dana Horton* announced his intention of asking the delegates for information, first, as to the movement of gold, and the quantities of gold coined or un-coined existing in each of the countries represented at the Conference; secondly, as to the general averages of prices of the principal articles of merchandise in the same States in the last 15 or 20 years.

After remarks from Mr. *Pirmez* and Mr. *de Thoerner*, it was agreed that Mr. *Dana Horton* should draw up a special interrogatory, which would be printed and distributed to all the members of the Conference.

Mr. *Dana Horton* asked for an explanation of a passage in the declaration read at the preceding Session by Baron Von Thielmann on behalf of the German Government. That passage was in these terms: "We recognise without reserve that a rehabilitation of silver is to be desired, and that it might be attained by the re-establishment of the free coinage of silver in a certain number of the most populous States represented at this Conference, who, for that purpose, would take for a basis a fixed ratio between the value of gold and that of silver."

Now, among the "most populous States represented at this Conference" it was difficult not to include that country which reckoned the largest number of inhabitants, viz., England, with her Indian Empire. It would therefore be interesting to know in what degree England's attitude might have been the cause of the reserve shown by Germany in her proposals, and whether it might be hoped that if England made some concessions, Germany in turn, would be disposed to enlarge her own.

The *First Delegate of Germany* replied, that England's attitude had certainly been of some importance in deciding the plans of the Imperial Government, for not only had Germany a considerable direct trade, and very extensive financial relations with England, but she settled by bills on London a great part of her Transatlantic and Asiatic commerce. It was therefore important to the German Government to retain a monetary system resembling that of England.

The order of the day now called for a resumption of the general discussion.

Mr. *Pierson*, delegate of the Netherlands, read the following address:—

I rise to reply to a portion of the speech of our learned colleague, Dr. Broch. I much admired the clearness and profoundness of the arguments of the honourable delegate, who especially endeavoured to demonstrate the inconveniences of the bimetallic system. Those inconveniences I do not altogether deny. Assuredly the double standard system is not a perfect system; if there are any who think it is, they are mistaken; but it seems to me that a system is not condemned when you have succeeded in proving that it is not quite perfect.

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M. Pierson.

fect. We should seek in vain for a monetary system not open to criticism on some point or other. That, however, is not the way to proceed in order to form an opinion either on bimetallism or monometallism. The question is not which of those systems is perfect, but whether the inconveniences attached to one are greater than those attached to the other. In short, the comparative method is what must be applied to this matter, and I hope I am not wanting in the consideration due to our honourable colleague in venturing to say that in this respect there was a gap in his address. This vacant space I shall endeavour to fill up. I shall begin by explaining what, in my opinion, are the chief disadvantages of the present monetary state of the world and the dangers it offers. We shall then see whether the inconveniences to which bimetallism exposes us are equally great.

Let us first take the countries with the "limping standard" (*étalon boiteux*); they are numerous. The "limping" standard exists wherever the mintage of gold coins is free, but where by their side silver coins circulate as unlimited legal tender for a value much above their intrinsic value. The Latin Union is in this condition; so also are Germany and Holland. What is the result? The result in the first place is, that the reserves of the banks of issue in these countries are partly, and even largely composed of coins worth much less abroad than within the frontiers. In France, a silver five-franc piece is equivalent to a quarter of a 20-franc gold piece; in England that same piece is worth in gold only about 4 francs 25 centimes. Is this a state of things which can last? We have among us several bank directors. I appeal to their experience—their special knowledge in this matter—to tell us. For myself, as one of the directors of a bank in the very condition I have just described, I say unhesitatingly that this cannot last, it must be changed. The metallic reserve of a bank must be entirely composed of coins worth their weight in silver or in gold; in one word, the specie serving to cover the notes issued must have no artificial value. But this artificial value now possessed by silver coins in the limping standard countries presents another danger. Make a small calculation. Imagine that silver ingots are bought and turned either into 5-franc pieces, thalers, or florins, not pieces of defective weight or fineness, but coins perfectly conformable to legal prescription. Do you know how much will be gained by this proceeding? Not less than 18 per cent. Deduct 1, deduct 3 per cent. for costs of mintage, and there will still remain a handsome profit. And do you think this operation is difficult? Ask those who have considered the subject. They will explain to you the very simple procedure by means of which counterfeiting is possible.

You ask me, "But how is it that this same procedure has never been employed for counterfeiting fractional money?" The reply is easy.

Fractional money cannot be given in payment, except to a certain amount fixed by law; any one therefore manufacturing a great quantity would not know what to do with it. By issuing it in considerable quantities he would speedily excite attention, and the fraud would soon be discovered. But any one offering a hundred thousand pieces of 2½ florins to the Netherlands Bank in exchange for notes, does nothing which in itself can occasion surprise. That happens, I will not say daily, but so frequently, that it would not attract attention. I should moreover add that the counterfeiting of fractional money is not altogether an unknown thing; instances of it might be cited.

Now this clandestine mintage of silver coins I regard as one of the great dangers of the monetary situation of limping standard countries. If the evil has not as yet manifested itself, let us be thankful, for our wisdom really had nothing to do with it. It will happen some day; at least I fear so. When once a coin having full legal tender possesses a value far exceeding its intrinsic value, the danger I have just indicated exists, and I do not hesitate to say that a monetary circulation largely composed of such coins is an abnormal state of affairs, in direct contradiction with the best known and most generally accepted rules.

I will speak, in the second place, of countries with the single gold standard. It is generally believed that their position leaves nothing to be desired, and it is certainly much preferable to that of the countries we were just now considering. If, however, you imagine that all is there for the best, in the best of worlds, you are in my view mistaken. Let us look a little to the facts.

Our honourable colleague, Mr. Fremantle, told us the day before yesterday that the United Kingdom system, as established in 1816, has satisfied all the country's requirements without giving rise to the inconveniences which have been manifested elsewhere, and under other systems. Let us admit that this is the case; let us agree that the British system has worked admirably. I ask you why has it worked so well? is it owing to its own virtues? Not in the slightest; it has worked well, because it had by its side another system, serving as its buttress, when its inherent weaknesses were about to come to light. The single gold standard triumphantly went through a terrible crisis, merely because it was not the only system in force.

The bimetallism of the Latin Union has simply saved England from great embarrassments, in which, but for its existence, she would have found herself overwhelmed. It is needless to remind you of the facts. The annual production of gold, which in the first half of our century amounted only to 80 millions of francs, suddenly rose to 600 or 700 millions of francs, and an enormous depreciation of gold seemed imminent. That depreciation, however, did not take place.

The value of gold certainly fell, but in nothing like the degree apprehended at that time. The reason was that France, having the double standard, coined from 1848 to 1866,

1866, 5,700 millions of gold, while exporting the silver which this coinage made superfluous. France thus served as a parachute to the depreciation of the metal whose production had increased to so enormous an extent. I have one question to submit to our honourable colleagues, the English delegates. I wish to know what in their opinion would have been the influence of the gold discoveries in Australia and America on the value of the sovereign if the double standard system had not at that time existed in France?

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But let us pass by these questions of history. The chief inconvenience of the monetary situation of Great Britain, as it presents itself to my mind, is evident as soon as you look at that country's relations with Asia. Inasmuch as I have ventured to put questions to our honourable English colleagues, I ask leave to address one more to them. How is it that the London journals specially devoted to financial questions persist in almost entirely ignoring the great disadvantages accruing from the fall in the rate of exchange on British India, and particularly—for this is the main point—from the great variations which for some years have been occurring in that rate? Is there anybody in the world possessing the slightest knowledge of business who is not aware that these disadvantages are very real and very great. Professor Jevons, one of the leading economists in England, has just published in the "Contemporary Review" an article on bimetallism, in which India is not even named. One would think to read that article, which however is not without interest, that the phenomena I have just spoken of are of no importance. Decidedly there is here what you call in English a "tacit understanding" to speak of everything except the main point. Gentlemen, let us say it emphatically, the great evil lies there, and it is an evil which affects all the world, for the commercial relations between the east and the west are daily becoming closer. Formerly, it is true, there were variations in the Indian rate of exchange; a rupee was not always worth the same; but how insignificant these variations appear when we compare them with those occurring of late years. Ask the cotton spinners, ask all who trade with Asia, whether they are suffering from them. Ask fundholders and bondholders whose interest is payable in rupees or piastres, whether the fall of silver has affected them. We are told the British monetary system is perfect. Yes, it is good in itself, setting aside relations with the east. But if the maintenance of that system has the effect of disturbing these relations, or rather of preventing their being re-established on the same footing as in the past, can we still say that it leaves nothing to be desired, and answers England's requirements.

I might speak in the last place of countries whose circulation is chiefly paper, and who ask nothing better than to get rid of that vexatious system, but who hesitate to do so as long as the value of silver remains uncertain. I will not speak of them, seeing that the delegates of those countries are among us, and will be able much better than I to enlighten you on the difficulties caused them by the present monetary situation. I hasten, moreover, to conclude, and my conclusion is this, the inconveniences produced by the fall and variations of value of silver are immense. We are confronted by an evil which imperatively demands a remedy.

What is the remedy? To discover it we have but to ask what are the causes which have produced the evil we wish to remove? Now on this point I think we are thoroughly informed; silver has fallen in value, because all over Europe its mintage has been forbidden. I do not say that the increase in production and the diminution in the demand for India have had nothing to do with the fall of silver; these two causes have certainly aggravated it. But I think I may maintain that neither of these phenomena would have had a sensible influence on the relation of value between silver and gold if the Latin Union, Germany, and Holland, had maintained their monetary systems as they stood before 1871.

If this is true, and the works of Mr. Arendt, with which you are acquainted, have proved it in the most scientific fashion, the conclusion is that the adoption of the bimetallic system is the only means of escaping from the grievous situation in which we are placed. Such at least is the conclusion at which we have arrived in Holland. Gentlemen, I do not know whether we are still of any account in the councils of nations. We are only a small country, and our political influence is assuredly not what it was in the 17th century. But one thing, perhaps, has remained to us, namely, the reputation of not judging rashly, and of having, moreover, a little experience in commerce. Well, I can assure you that amongst our leading economists, among our men most conversant with business, there is not one, I repeat not one, who does not acknowledge the immense advantages which would accrue from the adoption of the bimetallic system by all the great States. A French author has styled that system a "*niaiserie*"; an English author has just given it a not less insulting name. Well, I assure you, that throughout our country you would vainly seek an economist of any standing who considered these epithets deserved. On the contrary, while disagreeing on many subjects, for there are few schools that are not represented among us, we are entirely agreed on this point.

What is there indeed in bimetallism to give rise to so many criticisms? Can science be invoked against it? On the contrary, the more I reflect the more it seems to me that the bimetallic principle thoroughly harmonises with the best established principles of political economy. It is said law cannot fix a value between two merchandises; this is speaking generally true, but why? Because most merchandise is in demand for reasons with which law has nothing whatever to do. We buy wheat, sugar, cotton, because we need these articles, and we need them, not by virtue of a law, but for reasons independent of all legislation. Is this the case with money? I have just read in a French newspaper

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the following words: "If there is a matter on which law is without influence, which escapes its action and mocks at all its projects, it is this." It matters little that a journalist thus enunciates his personal opinion, but do not give us this affirmation as the last word of science, which tells us just the contrary. Read Ricardo; he is certainly an economist who stands for something as regards currency. Well, Ricardo endeavoured to demonstrate in several of his works a principle which is the very negation of that which you have just heard. If there is a matter on which law has a great influence, which in no way escapes its action, it is money.

But do not let us dwell on questions of pure theory, seeing that the Conference has resolved that we should avoid them as far as possible. Why engage moreover in scientific discussions when the facts themselves speak with so much clearness? Allow me to put before you what in my judgment is the most decisive argument in favour of the principles of which I am now the mouthpiece. It is a small table showing the mintage of gold and silver in France from 1803 to 1873. These figures have always seemed to me to speak with especial force.

YEARS.	Gold (in Millions of Francs).	Silver (in Millions of Francs).	Ratio of Value.
1803 to 1820 - - - - -	865	1,091	1 : 15·58
• 1821 „ 1847 - - - - -	301	2,778	1 : 15·80
1848 „ 1852 - - - - -	448	543	1 : 15·67
1853 „ 1856 - - - - - • •	1,795	102	1 : 15·35
1857 „ 1866 - - - - - •	3,516	55	1 : 15·33
1867 „ 1873 - - - - - • •	876	587	1 : 15·62

From 1803 to 1820 the ratio between gold and silver is about 1 to 15½. The coinage of gold is therefore about equal to that of silver; 800 millions for one, a milliard for the other. In the next period, 1821 to 1847, gold is dear, and the mintages of gold immediately diminish enormously, whereas those of silver increase; the proportion becomes 1 to 9. In the years 1848 to 1852 gold begins to fall; it again approaches 15½; therefore, as in the first period, the mintages nearly balance each other in those years 400 millions of francs for gold, 500 millions for silver. Gold still falls. From 1853 to 1866 the average ratio is 15½. The mintages of gold consequently rise to 5,300 millions of francs, whereas the mintages of silver fall to the insignificant amount of 157 millions. After 1866, in the years 1867 to 1873, gold rises (the average becomes 1 to 15·62), and we see the mintage of silver coin immediately increase. We find 300 millions of francs for gold, 500 millions of francs for silver.

Who will tell us after this that the bimetallic system has not the effect of giving a great fixity to the ratio of value between the two metals? The immense increase in the production of gold after 1848 had the result only of making that metal fall, as compared with silver, 3 or 4 per cent. Now, here is the question I submit to you, how this insignificant fall would have been still further reduced if the double standard system had existed not only in the Latin Union, but also in England, Holland, and the United States. Pray reflect also on this. To calculate the quantities of gold with which Europe has been flooded since 1848, it is not enough to give a table of the quantities produced; we must add what America sent us after her establishment of forced currency. If the double standard system was powerful enough to withstand so many causes of economic disturbance when its action was exercised only on a limited territory, how effective would it be if it also existed everywhere else.

I conclude; I have already trespassed on your kindness. It is necessary for me, however, to say one word on the inconveniences to which, in Dr. Broch's opinion, the bimetallic system exposes us. I have already acknowledged that those inconveniences exist; but there is a remedy which I consider very efficacious, the obligation imposed on the great banks, of buying at fixed prices all the gold and silver bullion offered them. Dr. Broch says this system is impracticable in small countries. This I dispute. From 1853 to 1872 the Bank of the Netherlands always bought at the fixed price of 104·65 florins per kilogramme all the silver ingots offered it, whatever the quantity, and since 1875 it has followed the same rule for gold, which it now buys at the price of 1,647 florins. Our bank has never found the slightest inconvenience in this plan, inasmuch as it pays in notes for the metal sold to it; and were bimetallism generally adopted, it would readily apply the plan to both metals without any distinction. I have always been of opinion that this would be an excellent means of reducing to a minimum the variations of the ratio of value between gold and silver.

I will

I will add, in conclusion, that the double standard system, in order to work well, will have difficulties to overcome at starting, but those difficulties will be overcome by the help of the privileged banks, which in this matter may render very valuable services. I do not doubt that the banks are ready to make themselves useful in this matter; in any case the Governments, by reason of the monopoly they possess, have a right to require them to do so. Later on, all will go well, but it is especially at starting, in the period of transition, that the cordial and effective co-operation of the banks will be indispensable. I think, gentlemen, that our discussions should serve to bring to light what this co-operation must consist of. No more than any other economic reform can the double standard system be established by simple decree; the way must be well paved for it.

Those who will not act in concert with us to attain the object we are pursuing, should tell us in what way they expect to remedy the evils from which the world is suffering. For a remedy there must be; the present situation is simply unbearable. If you reject the bimetallic remedy, be kind enough to point out another. The fall of silver and its variations of price as regards gold have produced a state of things which is full of difficulties for the present, and of dangers for the future.

Mr. Pirmez, Delegate of Belgium, began by recalling the vivid apprehensions and exaggerated hopes which had led to the convening of the Conference. He thought that those fears were now dispelled; those who had anticipated with alarm the establishment of a vast bimetallic union, comprising a great part of the states of the world, must be reassured. The present attempt, said Mr. Pirmez, seems bound to fail through the same difficulties, the same impossibilities, as that which was made in the same direction in 1878. What remains to be proved is, that the hopes which may have been based on the eventual success of this enterprise were in reality pure illusions. It is important to establish that the present situation, which doubtless is not perfect, contains neither the evils which have been portrayed, nor the dangers with which Europe has been threatened; it must be shown that, far from getting rid of these inconveniences, or warding off these perils, the remedy proposed would only have increased the former, and aggravated the latter.

The States composing the civilised world may, from the monetary point of view, be divided into three groups, according to the classification indicated by M. Pierson. The gold monometallist States, the States placed under the paper-money system, and lastly, those called by him the States with the "limping" standard (*étalon boiteux*), viz., those who have in law and in fact the gold standard, but mixed with a remnant of bimetallism.

The first seem completely satisfied with their situation. In vain do bimetallics seek to alarm them by pointing out the evils from which they ought to suffer, the perils which threaten them; they continue to declare that they feel neither ill nor uneasy. If Portugal, if the Scandinavian States, take part in the present Conference, it is not as they have said with an intention of altering their monetary system, it is merely from courtesy. England is still more decided; she does not admit even the supposition that she may be led to renounce the single gold standard, and is only represented here under that formal reservation.

It is asserted, however, among bimetallics that Great Britain ought to discover a powerful motive for change of attitude in the monetary situation of India, and in the depreciation of the rupee; on this point a distinction has to be drawn. It is certain that England undergoes a certain loss on the payment of the tributes received by the Indian Government from the native princes, which are fixed at a certain number of rupees, for she receives a uniform sum, the real value of which has diminished through the fall in the rate of silver, but this is only a comparatively minor point in the sum total of her financial relations with India. The great interest for England as regards her relations with India, is the commercial interest. Now, on this head, it is not correct that Great Britain, as is asserted, suffers from the depreciation of silver. No doubt the London exchange on Calcutta and Bombay has considerably fallen, but in reality English commerce does not suffer therefrom, for it has only, as always happens in such a case, to make up for the fall in exchange by a corresponding rise in selling prices. It is therefore quite natural that, notwithstanding the extent of its relations with India, the British Government remains insensible to the adjurations of the bimetallics.

Germany's attitude is not in substance different from that of England. The German Empire has made a great monetary reform; it has effected it at the fitting moment; it does not think of abandoning it. The declarations laid before the Conference by Baron Thielmann on behalf of the Berlin Cabinet, indicate neither hesitation as to the course to pursue, nor distrust of Germany's new monetary system; they imply, on the contrary, a settled resolution to persist in the path entered upon. If Germany had other intentions, the first measure to be taken by her would be to permit the free mintage and free circulation of silver. Now, Germany declares that she will neither permit the free mintage of silver, nor even maintain as currency the thalers still in circulation; she merely agrees not to get rid of them by sudden resolution, and to spread over several years the completion of the system she has adopted.

Thus all the gold monometallist States declare themselves satisfied with their situation, and resolved not to alter it; and bimetallics is playing a singular part, to say the least, when it endeavours to persuade those States that they are afflicted without their knowledge by a serious economic disquietude and monetary disease.

There is little to be said of the States subject to the paper money system. It is evident that for those Powers the financial question controls the monetary question. It is also

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certain that, looking only at the financial point of view, they might find an advantage in adopting the silver standard, inasmuch as it would furnish them with a very legitimate means of paying off their debts at the smallest possible expense. They hesitate however to do so, because they are conscious of the discredit resting on silver. They quite understand that there is now a tendency to consider only states which have the gold standard as rich states, as states of the first class, so to speak, from the financial point of view. Nothing but the example and support of a great financial power like France could induce them to adopt the silver standard, which would offer itself under the form of bimetallism.

The third monetary group consists of states which have the gold standard in law as in fact, but mixed with a remnant of bimetallism; it includes the states of the Latin Union, except Italy and Greece, which have still the paper money system, Holland, to a certain extent, and Spain. The situation of these states is doubtless not excellent, but what is the cause of the discomfort from which they are suffering? Is it not the excess of silver, which is the result and as it were the legacy of the abandoned bimetallism? If the Latin Union in 1865, had listened to the counsels of Belgium, had purely and simply adopted the gold standard, as it could then have done without shock, without difficulty, without loss, it would now be in as good a position as that of the Scandinavian States, England, Portugal, and Germany; if it now experiences discomfort, it owes this to bimetallism.

We must beware, however, of exaggerating this discomfort. The considerable stock of five-franc pieces kept by the Bank of France in its cellars is not a pure burden; it serves as pledge and guarantee to the notes in circulation, and the amount is not excessive, for the proportion of cash possessed by the Bank of France is not sensibly higher than that of other great state banks, the Bank of England for instance. People are alarmed, it is true, at the outflow of a certain amount of gold, which has of late reduced the stock of the Bank of France, but we must not fancy that all this amount of gold has left France, as is asserted, and has crossed the Atlantic to pay for the balance of American imports. There have certainly been exports of gold, but there have also been imports of that metal much more difficult to trace, and the monetary circulation of France still teems with it. The payments made on the last French loan of one milliard are a conclusive proof of this. For the two weekly returns of the Bank of France corresponding to the date of the subscription, show an increase of the metallic stock of 60 millions of francs, 45 millions of which are in gold, and only 15 millions in silver. It must also be remarked that at the same date the sum of 15 millions in five-franc pieces was withdrawn from the National Bank of Belgium to be dispatched to France, and this must have largely contributed to the payments in money made by the subscribers in money to the French loan. We are therefore justified in inferring that gold has an infinitely superior share to silver in the monetary circulation of France, and is quite the dominant element in that circulation. This flow of five-franc pieces to the Bank of France, which has given rise to so many exaggerated fears, does not, as has been supposed, indicate the phenomenon of an export of gold, but merely the phenomenon of substitution, the replacement of gold by silver in the bank coffers. If we now find so considerable an amount of silver at the Bank of France, it is solely because this has been withdrawn from the country's circulation by the public themselves. Every one has thrown silver money into that great reservoir, to draw therefrom in its place the gold preferred by all.

Viewed from this standpoint, there is nothing in the situation of countries with the "limping" standard to create alarm, and it may and should improve, especially if Italy returns at an early date to specie payments. The kingdom of Italy, it will be remembered, entered the Latin Union under somewhat exceptional circumstances; between the signing and the ratification of the Treaty of Union of 1865, it placed itself under the paper money system, so that this member of the Latin Union has always been in a condition certainly not contemplated at the time the treaty was concluded. At certain times there has been a considerable discount on the forced currency notes in Italy, which has sometimes reached 10 and 12 per cent. This depreciation of the paper money naturally had the effect of driving out of Italy into the other countries of the Latin Union all the coin existing in Italy. This situation continued, and when two years ago the Italian small change was called in, a very large portion of it was found to be outside of Italy. The case is certainly the same with the Italian five-franc pieces, and it may therefore be hoped that Italy, when she returns to specie payments, will take back a considerable quantity of these pieces, which will relieve the circulation of the other States of the Latin Union to a corresponding extent.

The situation of countries with the "limping" standard is not therefore bad at present, and can but improve.

These countries it is true, as justly pointed out by Mr. Pierson, are exposed to the danger of counterfeiting, or to speak more accurately, of the clandestine manufacture of false coin, of the proper fineness and weight, but with a profit of 15 or 20 per cent., resulting simply from the difference between the selling value and the official value of the metal. It must be remarked, however, that owing to the very considerable difficulties, not in the manufacture but in the issue or uttering, this kind of operation can never assume large dimensions.

I think I have shown that our present situation has nothing alarming in it. It remains to show that the measures proposed by bimetallists would have the effect not of mitigating but of aggravating the vices or dangers they impute to it.

What indeed do they advise? Merely the free coinage of silver; that is to say, countries

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tries embarrassed by an excess of silver in the circulation are asked to let still more be coined. They have too much; it is desired to give them more. Correct the excess of silver by a still greater excess of silver, such is the sole remedy prescribed. It is monetary homœopathy.

The results of such a measure would certainly be the very contrary of the anticipations of its promoters. To resume the free mintage of silver without the co-operation of states now having the single gold standard, would be risking a disaster; nobody, therefore, ventures to propose such an experiment. But assuming that you succeed in getting bimetallism adopted by the whole world, by England, by Germany, by India, even by China, which must be taken into account in monetary matters, you would arrive only at establishing an equal circulation of gold and silver, equally loading both ends of the scale in all the countries of the globe. Now as the silver standard states are more populous and possess more coin than the gold standard states, and than the states which are now bimetallist, it follows that the sole result of a universal establishment of bimetallism would be the spreading over Europe of a large portion of the white metal with which Asia is overloaded, and the drawing to Asia in return of a considerable part of the European gold. Is that what you desire, and do you pretend to override in that way the preferences of the public? You would not succeed. The Bank of France itself has tried to find an opening for the five-franc pieces it is constantly putting into circulation, but it has failed, and this cumbersome coin is constantly brought back to it. In the United States the Federal Government has also tried to put in circulation the new dollars coined under the Bland Bill; it has multiplied its efforts to attain that object; it has sought by every means to get them accepted by the public; it has failed likewise, and, notwithstanding heavy sacrifices, has succeeded only in issuing a portion which circulates as small change; the Secretary of the Treasury was compelled to state these facts in his last report.

Bimetallists also flatter themselves that by the application of their system, they will ward off two great dangers they consider imminent, the working of the balance of trade in a direction unfavourable to Europe, and the rise of gold.

The balance of trade, so much used and abused, is in reality only an illusion. If you will take the balances of trade as given by statistics, you must always arrive at the conclusion that every state imports more than it exports, for it exports merchandise whose value is reckoned at the place whence it is dispatched, whereas it imports merchandise whose value is reckoned at the place of consumption; that is to say, after adding the freight and trade profits. The balance of trade is therefore misleading. If it indicated the reality, if the difference shown by it had to be settled in coin, it is evident that the whole specie of France and England would already have been drained off by America, and that no more gold would remain in Europe. Everybody knows that this is not the case. Why? Because the differences are settled by bills, by securities, and especially by *arbitrages* between the exchanges of different states. Thus the Bank of England has just reduced its rate of discount, a pretty plain proof that it is not afraid of seeing its stock cross the Atlantic. Even assuming that the forebodings of the bimetallists were realised, assuming that European gold went and accumulated in America, do you think that movement would be lasting; do you think it would not be followed by a speedy reaction? The gold which would flow to America would not be hoarded; there is no hoarding in the United States. By very reason of its abundance it would not be long in falling, while in Europe its scarcity would induce a corresponding rise. The inevitable result of that rise would be the return from the United States of the gold which would there have been in excess.

Even assuming that these dangers of a dearth of gold are not chimerical, and that the working of the balance of trade is to doom Europe to a prolonged gold famine, do you think bimetallism could remedy this by the unlimited coinage of silver? On the contrary, it would thus but aggravate the evil, and increase the peril. If, indeed, you flatter yourselves that you will be able to send silver to the United States, and to pay for American merchandise in silver, you are cherishing a dangerous illusion. The United States, which produce considerable quantities of silver, and which reject from circulation the silver coined in their own mints, would not receive European silver, but would export more and more silver to Europe. This is their secret hope, and must have been the paramount motive of their present adhesion to the principle of bimetallism. The French and American Governments are agreed, indeed, on that principle, but we may attribute to both of them a secret idea which they doubtless do not communicate to each other. Each of them probably thinks, "I shall send my silver to my ally." Which of the two is mistaken? It is not likely to be America, for rivers flow from their sources, and do not re-ascend to them.

Far from leading to a permanent restoration of the price of silver, bimetallism would consummate the depreciation of that metal. At first, no doubt, gold would fall, silver would rise, and a certain equilibrium would be effected, but the production of silver, stimulated by the factitious elevation of the price of that metal, would not be long in assuming the abnormal development predicted at the last session by the delegate of Norway. While gold mines would reduce their output owing to the fall in the price of the metal, silver mines would throw on the market more and more considerable quantities of that metal, and this silver, by very reason of its excessive abundance, would not be long in undergoing a fresh depreciation, which would this time be irremediable.

And why should we expose ourselves to such a danger? To escape the illusory peril of a dearth of gold. That dearth of gold nowhere exists. It is not visible either in

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commerce, in banks, or in the circulation. What proves this is that despite the improvements of industry, living is everywhere dearer; you can nowhere now obtain what you could obtain 20 years ago with the same amount of gold; moreover, all fundholders and people living on fixed incomes find their situation more and more reduced. If there is a danger, it lies rather in the fall of gold and the general dearness of all the necessities of life.

Thus bimetallism, looked at in all its aspects, seems a doctrine which pretends to cure imaginary ailments by remedies which would produce results diametrically opposed to those expected by their promoters.

It could not be otherwise, for every system which consists in trying to establish a fixed ratio between gold and silver is a system directly opposed to economic laws. In proposing such a system you enter on a path which ought to be universally abandoned, you adopt the principle of government interference, you base your action on the fallacious idea that it is for the law to regulate the commercial relations of states either in the home or foreign trade. This method has been but too much abused by *maximum* laws, by the regulation of production, by protective tariffs. All these laws are imbued with the false idea that it appertains to the legislator, that it is not only his right and duty, but also within his power to struggle against economic facts, to lower or raise values. We discover the same fundamental idea in the present proposals of bimetalists. Mr. Cernuschi makes no mystery of it. "Money," he says, "is created by law, *nomos*, law; *nomisma*, money. Good or bad, all law is essentially arbitrary. Gold monometallic law is as arbitrary as silver monometallic laws, or bimetallic laws. The choice of the metal is arbitrary if the legislator is monometallist. The choice of the ratio between gold and silver is arbitrary if the legislator is bimetalist. In principle all ratios are equally good, the ratio of 10, the ratio of 15, the ratio of 20, would each work with the same efficacy and the same regularity if any one of them was adopted by great states furnished with ample supplies of metallic money."

I cannot protest too strongly against such a doctrine. The object of law is not to enforce on nations the legislator's arbitrary will, but to respond to the requirements of communities, and in order to satisfy them, it should be the expression of the truth of facts, the truth of law. There have been and are arbitrary laws, because there have been and are bad laws. That which is arbitrary is never legitimate. Arbitrary laws are *ipso facto* unjust; they are moreover powerless. You do not regulate what depends on the human conscience, on individual tastes, desires, or opinions; and value is in the same position. You do not create a value by law, you do not enforce belief in a value not arising from the reality of facts, or what is more, contrary to it. You would not be long in discovering this if the principle of bimetallism at 15½ arrived at the status of law. That principle has never been able to maintain itself; though originally established in conformity with the indications of the metal market, the states which have made that ratio the basis of their monetary system have really had only the alternative standard. Yet it is hoped to make it prevail, now that the commercial ratio of gold and silver is 1 to 18. You wish at once to decree the realisation of a ratio acknowledged to be false, and declared so by commerce. Whence arises this fallacy? From the fancy that gold can be doomed to the alternative of either disappearing or being sold at 15½. Do you know what would happen? Gold would not disappear; and it would not be sold at 15½; it would continue to circulate, but circulate at a premium; it would circulate, not at the ratio decreed by the legislator, but at the ratio indicated by commerce, just as it circulates in Austria, in Italy, in all countries under the paper money system, for the public would not resign themselves to going without gold, nor would its possessors resign themselves to giving it below its value. It does not appertain to governments to establish and enforce acceptance of truths which are matters of opinion, and when they attempt it they fail; they are infallibly overcome by the resistance of their subjects. Even if this Conference were given full powers of action in the name of the nations represented here, even if all the nations not represented here were summoned, even if the Conference were intrusted with the absolute right of punishing, of visiting with the severest penalties those infringing the bimetallic law, nevertheless, if it pretended to decree the respective value of gold and silver, it would be utterly powerless, for arbitrary decrees cannot resist the nature of things.

Mr. Seismit Doda, First Delegate of Italy, asked leave to speak, not to reply to Mr. Pirmez's speech, but to prevent the misconception which some of the remarks of the honourable delegate for Belgium might create as to the nature of the motives which had induced Italy to attend this Conference, and support the principle of bimetallism. In speaking of countries under the paper money system, Mr. Pirmez expressed the idea that it was very natural for those countries to be supporters of bimetallism, inasmuch as it was a financial question with them, and they would more easily arrive at paying off their debts with depreciated silver than with gold. The first delegate of Italy desired to state clearly that Italy had been in no way influenced by considerations of this kind in accepting the invitation to share in the labours of this Conference. She had simply wished to bring her modicum of experience, whatever it might be, to the examination of a question of great importance, not merely in the present, but also, especially in the future, to the financial condition of Europe and of the whole world. Mr. Pirmez, in alluding in another passage of his speech to the consequences of the establishment of forced currency in Italy, had referred, with a semblance of reproach, to the influx of Italian fractional money into Belgium, and especially into France, at the time when forced currency was decreed in the Peninsula. He might have added that the Italian Government had deemed it an act of good faith and honesty, itself to call for the withdrawal of its frac-

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tional money, and that France and Belgium had consequently suffered no loss on this point. It should, moreover, not be forgotten that if the forced currency in Italy had at certain periods caused inconvenience to her neighbours, they had at other times derived important advantages from it. Thus, on the establishment of forced currency in France, the Italian fractional coins materially contributed to relieve France from the necessity of circulating small notes, and consequently diminished the loss resulting from the difference between the value of paper and that of coin.

The general discussion was adjourned to Tuesday, 10th May, at 1.30 p.m.

The Session concluded at 5.30 p.m.

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FOURTH SESSION.

Tuesday, 10th May 1881.

Mr. *Magnin* presided, and there were present the Delegates of

Austria-Hungary,	The Netherlands,
Belgium,	Portugal,
Denmark,	Russia,
Germany,	Spain,
Great Britain, British India,	Sweden and Norway,
and Canada,	Switzerland,
Greece,	The United States of America, and of
Italy,	France,

who attended the previous meeting; and for British India,

Sir *Louis Mallet*, Under Secretary of State and First Delegate of India.

The Session opened at 2 o'clock.

The Minutes of the previous meeting were read and adopted.

The *President* expressed his gratification at Sir *Louis Mallet*'s presence at the Session, and at the valuable co-operation he would bring to the labours of the Conference.

Chevalier Von Niebauer asked for an explanation as to the meaning of one of the paragraphs of the note submitted at the last session by M. *Cernuschi*, and designed to elicit from the various governments represented at the Conference detailed information on the mintage of silver since 1st January 1874. In the last paragraph but one of that note M. *Cernuschi* expressed a desire that the Austrian Government would state at what date it ceased coining double thalers. By this term "double thalers" did the honourable Delegate of France mean thalers known as Union thalers or *vereinsthaler*?

M. *Cernuschi* replied in the affirmative.

The *First Delegate of the Netherlands* laid on the table of the Conference, as a partial reply to the desire expressed by M. *Cernuschi* at the last session, two tables showing, first, the value of gold, silver, copper, and bronze coins struck between 1840 and 1880, at the *Utrecht Mint* and its branch, and intended for circulation in the Netherlands and their colonies; secondly, the value of the same coins dispatched either to the Dutch colonies or abroad, and of coins which have been returned to the Netherlands. (*See Appendix, pp. 182-5.*)

Mr. *Lardy*, Delegate of the Swiss Confederation, asked leave to speak, in order to submit a proposition. Mr. *Lardy* spoke as follows:—

Mr. President and Gentlemen,—It is with a painful feeling that I speak for the first time in this Conference. In 1874 and 1878, at the meetings of the States of the Latin Union, as at the Universal Conference of 1878, I had the honour of being the humble colleague of an eminent *savant*, M. *Feer-Herzog*. He had represented his country at the foundation of the Latin Union of 1865, and at all the monetary conferences held since that time. You know the important part he took in their labours; several of the essays published by him on monetary subjects are also known to you. His devotion to the public interest, his disinterestedness, and the firmness of his convictions, make it my duty to pay a fresh tribute at this meeting to the memory of that excellent man who was taken away in the prime of life, and whose premature death was due to overwork.

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After having discharged this duty to the memory of the friend I have lost, I wish to call the attention of the delegates to two questions which have hitherto been only incidentally noticed, and which do not figure in the interrogatories adopted by the Conference; one is the industrial use of the precious metals, the other the repression of counterfeit coining.

The quantity of the precious metals absorbed by industry is but very imperfectly known. The learned Dr. Soetbeer is preparing statistics of them, but he has not yet published them, and we are at present reduced to conjectures. It seems, however, that the use of precious metals in industry is much larger than is commonly supposed. To ascertain its importance we may proceed by induction. Dr. Soetbeer and Mr. Horace Burchard, Director of the Washington Mint, estimate that since 1849 about 19 milliards of francs of gold have been extracted from the mines. If we add eight milliards representing the stock accumulated prior to 1849, we find that the total amount of gold existing in the world should be 27 milliards of francs. Now, according to the reports of the Consuls of the United States of America, whose calculations agree, within a milliard, with Dr. Soetbeer's, there are in all civilised countries only 16 to 17 milliards of gold in circulation or deposited in banks. What has become of the difference, which is 10 milliards in 31 years, or about 300 millions a year? After allowing for hoarding, losses, and wear, there remains a considerable mass of precious metal which must have been annually absorbed by industry. Thus it seems almost certain that the watch-making industry, whose annual production is estimated at 90 millions of francs in Switzerland, and 130 millions of francs in the rest of the world, employs gold to the amount of about 30 millions of francs every year. It is known, moreover, that the gold ring manufacture at Nuremberg absorbs a considerable quantity of gold. The problem is, therefore, complicated, and its solution is of considerable importance, for if the industrial use of gold is largely developed, the principle that law alone creates the value of the monetary metals, is evidently weakened; and we may, moreover, on the same hypothesis, ask ourselves from the monometallic standpoint, whether there is not ground for proceeding with the greatest caution to the transition from the double to the gold standard. As to the inconveniences of the fabrication of counterfeit money, and even of counterfeit *good* money, they have been pointed out at recent sessions by Mr. Pirmez and Mr. Pierson, and at the Conference of 1878 by M. Léon Say. A commission was appointed in France to investigate the means of preventing the clandestine fabrication and issue of money. What has been the result of its labours? In England Mr. Goschen, a delegate at the Monetary Conference of 1878, had had his attention called to the expediency of introducing a Bill empowering the punishment, on return to England, of an Englishman guilty of having fabricated counterfeit coin abroad. This suggestion, however, has not been adopted, and the British Government merely offers to hand over the accused in such a case to the Government of the country on whose territory the crime was committed; but as many Continental States do not now agree to the extradition of their citizens, there is a risk both of finding it impossible to obtain a conviction in England, and of extradition being refused.

In Spain there are other circumstances which impede effectual repression. The coin is so worn, counterfeiting has been, consequently, so largely extended, counterfeit coin is so prevalent in that country, and so difficult to distinguish from good, that the Spanish Government, from notions of equity, had to insert in the revised penal code of 1870 a special clause whereby impunity is ensured to those who knowingly put counterfeit coin into circulation, if the amount put into circulation does not exceed 125 pesetas. These few examples are sufficient to prove how desirable it would be to effect an international understanding, with a view to the repression of counterfeit coining.

As a deduction from the foregoing considerations, Mr. Lardy requested the Conference to direct its attention to the two following questions:—

1. What is the extent of the industrial use of the precious metals, particularly of gold?
2. Is it possible more effectually to ensure the repression of counterfeit coining?

It was resolved that these questions should be printed and distributed among the delegates. (See Appendix, Section IV.)

The general discussion of the *Questionnaire* adopted by the Conference was resumed.

Mr. Luzzatti, Delegate of Italy, stated that he had no intention of replying to every part of the eloquent speech delivered at the last session by Mr. Pirmez, nor of following the delegate of Belgium, to whose ability he was glad to pay homage, into the regions of theory.

He merely proposed, from the standpoint of facts, to show that the economic optimism of his honourable opponent did not rest on an entirely accurate view of the situation.

According to Mr. Pirmez, said Mr. Luzzatti, the gold monometallist States are perfectly satisfied with the present state of things, no complaint being heard, and no apprehension manifested on their part. As to the silver monometallist States, such as British India, Mr. Pirmez admits, indeed, that they have to contend with somewhat serious difficulties, but in his view those difficulties are solely of a financial, not of an economic character. Lastly, the States with the "limping" standard (*étalon boiteux*), particularly the Latin Union, are much less threatened, according to Mr. Pirmez, than they imagine, by the depreciation of silver, and their

their own interest should lead them to maintain the *status quo* in order afterwards to move further in the direction of the single gold standard.

Is it true that the general situation is so favourable as Mr. Pirmez asserts? To speak first of England, is it true that that country is so fully, so universally, convinced of the excellence of its present monetary system. How is it then that eminent men, leading financiers of Great Britain, are beginning to feel serious doubts on this point, and to express them publicly? How is it that an ex-governor of the Bank of England, Mr. Henry Gibbs, who was a delegate of Great Britain at the Monetary Conference of 1878, who came there a monometallist and went away a bimetallist, now publishes, with the sanction of the present governor of the Bank, a very remarkable pamphlet, in which the superiority of the bimetallic system to the English system is affirmed? How is it that the Liverpool Chamber of Commerce, representing one of the leading centres of English industry and commerce, how is it that the manufacturers of Lancashire are memorialising the British Government for the establishment of universal bimetallism as best adapted to the interests of English commerce? I do not exaggerate the importance of these demonstrations, but I hope the delegates of Great Britain will be good enough to enlighten the Conference on this question.

As regards British India, the losses resulting from the maintenance of the single gold standard in England are beyond question; it is also certain that the trade of that country strongly desires the rehabilitation of silver. Mr. Pirmez, however, denies that the question is as interesting as is imagined for India. He acknowledges, indeed, that the depreciation of silver makes the Indian Treasury lose considerable sums, but he does not admit that Indian commerce really suffers from the fall in exchange at London or Calcutta and Bombay, that fall in exchange being compensated by a corresponding rise in selling prices. This reasoning, however specious it may be, cannot be accepted. The position of India towards England is really the same as that of countries with a forced paper currency towards countries with a metallic currency. As the rate of exchange in countries doomed to the paper money system undergoes rapid and considerable oscillations, and as the trader cannot therefore exactly foresee at the time of delivering the goods what will be the amount given him in payment, he is obliged to guard himself against that risk, either by requiring cash payment or by raising the prices, either of which is a serious impediment to the development of business. It is just the same in countries which, like British India, have a depreciated metal such as silver as the single standard. The situation of these latter countries is even more serious than that of States having a forced currency. The latter may succeed in limiting the depreciation of paper by wise financial administration, by great moderation in the amount of issues, by a skilful development of their economic resources, whereas a State having a single silver standard is now doomed to undergo the effects of the rapid and unforeseen variations in the price of that metal, variations depending not on its own decisions, but on the vicissitudes of foreign legislation.

In support of this assertion, Mr. Luzzatti referred to a memorandum of the Government of British India in 1876, and to a document by Mr. Chapman, of the Indian Ministry of Finance, published in June 1880. He also quoted a remarkable work in which Mr. Seyd showed that England's commerce with silver standard countries represents three-fourths of her aggregate commerce. Mr. Seyd pointed out the grievous consequences of this state of things, and did not hesitate to declare that trade with countries having a metallic currency in silver was now tantamount to trading with countries having depreciated paper money. The use of a depreciated metal impeded commercial transactions as much as excessive customs duties, for it falsified the very institution of money.

What indeed, continued Mr. Luzzatti, is the object of money? The fact that it combines two characteristics; on the one hand the comparative fixity of its value, on the other its aptitude, on account of the material composing it, for maintaining parity between its legal and its intrinsic value. If coin be deprived of the first of these qualities it ceases to be money; it becomes a commodity; it is merely, as has been remarked, a kind of paper money that rings when it strikes another object. The depreciation which results has always serious consequences, but it is especially disastrous when it so occurs as to dislocate the mutual relations between the various parts of a single country or between a mother country and her colonies. The Netherlands thoroughly understood this, and therefore maintained a uniformity of monetary system between themselves and their distant possessions. By pursuing a different course, by remaining gold monometallist notwithstanding that India is silver monometallist, Great Britain has exposed India and herself to industrial and commercial sufferings of which she is beginning to feel the effects.

If from England we pass to Germany, we meet with a monetary situation which is at least very precarious. Mr. Pirmez declares, with his usual optimism, that in the German Empire there is no desire for any change in the present monetary legislation. It is always very difficult and delicate to tell whether a great country is satisfied with its monetary legislation or not, for even in the region of scientific inquiries the means of ascertaining the true state of things are far from being reliable. Certain indications, however, allow us to affirm that in Germany opinions are more and more divided between monometallism and bimetallism. It is even evident that the latter system is daily gaining ground. It has on its side important economic authorities whose names it is enough to quote: MM. Wagner, Schaeffle, Lexis, Arendt. It has been defended in the Reichstag by several deputies, particularly by one of the leading members of that body, Herr Von Kardorff; it has been expounded and applauded at numerous public meetings, and by the

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German agriculturists at their annual congress. Lastly, a symptom more significant than any other, Prince Bismarck himself seems to have conceived doubts of the value of the gold monometallic reform decreed ten years ago by the German Government. He has not, it is true, taken direct part in the last discussion carried on in the Reichstag on the monetary question, but he intimated, through the Secretary of State of the Imperial Chancery, that the Government meant to preserve a watchful attitude, and that he was an advocate of the *status quo*. What is the significance of such a declaration in a country which, like Germany, first adopted the single gold standard and then suspended the demonetisation of silver. It means that the Government is perplexed; that it is asking itself whether it has entered on the right path; that it hesitates to go further on that path; that it does not venture upon the completion of its monometallic reform. What is the result of this? The temporary retention of thalers with full legal tender faculty in Germany, like five-franc pieces in the Latin Union.

As to the motives which inspired Prince Bismarck with this resolution, nobody can doubt what they are. He indicated them in the discussion to which allusion has just been made, when the interpreter of his views compared the mass of gold in circulation in the world to too small a blanket on a bed occupied by two persons. Each desiring to pull the blanket over himself, the result will be that the mass of gold will become more and more insufficient, according as the movement of exchanges increases; it will prove totally insufficient whenever the States now employing forced paper currency money resume specie payments. Prince Bismarck foresees this, and is anxious at once to guard himself against the dearth of gold.

This fear is also felt by science, that true economic science which does not live on theories, but is nourished on facts. The dearth of gold is an eventuality which menaces the civilised world. Is it hoped to ward it off with the produce of gold mines? The production of those mines is not increasing; it is rather diminishing, as testified by Dr. Soetbeer in his last pamphlet, entitled "*Statistik der Edelmetalle in Jahren 1876—1880*." Even assuming that it is increasing, one fact which must be noted is that the distribution of the metal extracted is no longer the same as formerly, and would not allow Europe enough of the yellow metal to enable the States having a paper money circulation to return to a metallic currency, or double standard States to adopt the single gold standard. The three great gold-producing countries are the United States, Russia, and Australia. Now, the United States, since the resumption of specie payments, absorb all the gold they produce; Russia sends part of the produce of her gold mines to Germany, another part to Central Asia, and keeps the rest for the payment of customs duties in gold and of her foreign debt. As to Australia, who was formerly able to send her entire production to Europe, she is already beginning to absorb part of it; and in view of the marvellous rapidity with which this second new world is growing, we may foresee the time when it will furnish to Europe only an insignificant fraction of its precious metals. If account, moreover, be taken of all those accessory causes constantly tending to diminish the quantity of gold in circulation, which have been very justly pointed out by the delegate of Switzerland, if we think of the waste caused by cost of manufacture, by wear, or by industrial uses, which are very considerable, we perceive that before long Europe may have to suffer from a veritable gold famine. I abstain from importing into the discussion the anticipations of eminent geologists like Mr. Suess, who regard the quantity of gold still hid in the bowels of the earth as comparatively small.

Certain economists, it is true, offer several replies to that prediction. In the first place, they say that if the yellow metal becomes scarce its price will rise, but that of commodities will proportionately fall, and that an equilibrium will thus be re-established on fresh bases. But this re-establishment of equilibrium, so easily assumed in a speech or book, what does it really mean? In reality it means a crisis; ruin for the manufacturer, distress for the artisan, universal uneasiness and suffering.

Some economists also object that if gold should fail, the less wealthy States will content themselves with silver as a medium of circulation, while the countries more advanced in civilisation will keep the yellow metal. But is it to be supposed that the States which are thus to be reduced to the use of silver will accept this kind of sentence? Is it thought that the Powers still under the paper-money system can resume a metallic currency with silver alone? In Austria-Hungary, in 1879, the silver florins, as international money of exchange, were below paper money; so it would be with all the States which have a forced currency if they should try to return to a metallic currency without gold; they would be again reduced to the same situation, the same state of suffering, as under the depreciated paper-money system, but they would not suffer alone, for the interests of all nations are now bound up together.

It is remarked, also, that institutions of credit when much developed may, to a large extent, take the place of monetary circulation, and that it is possible that the civilised nations might, with a more and more restricted stock of money effect exchanges of increased amount. This is true, but it must not be forgotten that if institutions of credit are valuable instruments of circulation, they likewise present very serious dangers. The instruments they issue represent, or assume a value, but do not constitute one; they do not create it any more than a photographer increases the population by multiplying portraits. The fiduciary circulation is, therefore, essentially limited; its development depends on the parallel development of the wealth it helps to express, of the corresponding increase of the metallic stock serving as its guarantee. It could not, therefore, be inordinately inflated without risk of one of those catastrophes but too familiar to the commercial world, and on the memories of which it is needless to dwell.

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All these considerations lead up to the same conclusion; Europe requires gold, will require it more and more, and yet European gold is passing more and more to America. Mr. Pirmez, it is true, denies this drain of European gold to the New World, but that drain is a certain fact. Do you wish for a proof of its intensity? Whereas in 1879 and 1880 the consignments of coin from Europe to the United States were made only at the end of the year for the settlement of accounts, in 1881, in the first three months alone, 2½ millions sterling of gold were dispatched from England to America, while large sums were exported during the same period from France and Germany. Nor must it be imagined that this movement will slacken. European gold will from day to day be more drawn to the United States, and will remain there longer than Mr. Pirmez believes. The United States will have need of it to complete their great reform, the resumption of specie payments. They have still to withdraw from circulation their State Bank notes, which represent a sum of 1,700 millions of francs, and which, though deprived of the privilege of forced currency, they have not taken up. For this operation they will require gold; they will require it also for all the new enterprises yearly being multiplied on their still virgin soil. The United States are a world of giants, whose development marks, as it were, a new era for mankind. Their progress is marvellous, unprecedented, defying calculation as well as comparison. Their population has increased by 12 millions in the last decade; their territory is being covered with new towns; their agriculture, which brings millions of hectares under cultivation in a single year; their industry, which is daily growing in unheard-of proportions, are becoming for Europe a menace and a danger against which a number of states of the old continent are trying to protect themselves by means of customs tariffs.* Is it supposed that such a country will before long send back to Europe the gold it receives? No doubt it will not hoard it, but it will keep it; it will use it to feed all its new enterprises, just as Europe from 1850 to 1860 utilized for her great industrial and commercial development the enormous influx of Californian gold then flooding her monetary market. No doubt the laws of international exchanges are such as Mr. Pirmez has stated, but in the present case we must foresee the obstacles which would prevent their regular working; we must especially take account of the increase of customs duties, which in the United States impede the free operation of those economic laws.

In view of this exodus of gold, already so perceptible and destined to become more and more marked, it would be a supreme imprudence for Europe, and especially for the Latin Union States, not to take measures for raising silver from the discredit into which it has fallen. That metal, as Mr. Pirmez has acknowledged, is eliminated, as it were, from circulation and doomed to be hoarded in bank cellars. Such is the case in the Latin Union; it is supposed to be the same in Germany, where silver is believed to represent nearly two-thirds of the stock of the Imperial Bank. What is the cause of this barren accumulation of white metal? Is it solely, as Mr. Pirmez says, the repugnance felt by the population to the use of this inconvenient metal? No, it is also the discredit with which it is visited through the legislation of several States. Gold, and even the bank note, is preferred to silver, because it is known that with bank notes gold is obtainable, and that gold is everywhere received as international money, whereas silver is only a national instrument of exchange: Give silver five-franc pieces the same international debt-paying power as gold coin, and you will immediately see them emerge from the bank cellars. Silver, if rehabilitated by legislation, will resume its place in monetary circulation, not only in Europe but in the United States, for it is not quite correct to say that the new dollars manufactured by virtue of the Bland Bill are rejected by the American public. Out of 82 millions of dollars which have been coined, 66 have entered into circulation, 29 in specie, while 37 are represented by certificates exclusively repayable in silver, and known as silver certificates. There is no justification, therefore, for asserting that silver does not circulate in the United States; it already circulates there and will circulate further whenever the Federal Treasury calls in the small notes—the one and five dollar greenbacks. And it will assuredly circulate all the more the day when it recovers its character of international money.

A last objection has still to be answered. Gold monometallists, and Mr. Pirmez among them, state that the double standard in France was never more than an alternative standard, the inferior metal having driven out the more valuable. This is true; but a German writer of great weight, Mr. Lexis, affirms that France did not thus lose as much as is imagined, for if she was paid in depreciated money she paid also in the same money whenever the operation was effected on her territory. The prices of the merchandise she exported were settled by the rate of the cheaper money, and by amassing the more precious money, by dispatching it wherever it possessed the greatest purchasing power, France succeeding in developing her imports. It is important to note the fact, for the monetary situation of France is the same on a small scale as that of a great bimetallic union comprising the most powerful States on the globe, such as England, France, the United States and Germany. No doubt even with a widely extended bimetallicism you would not avoid deviations occurring between the value of the two metals, inasmuch as money is an equivalent as well as an instrument of exchange. Monetary laws, by inducing a greater demand for certain precious metals, increase their value, but the monetary use of these metals

* The following is an example of the rapidity of the development of industry in the United States: the production of pig iron in 1867 did not exceed two million tons; last year it was four and a quarter million tons.

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metals is enforced on mankind by reason of the intrinsic qualities with which they alone have been endowed by nature. The acceptance of bimetallism by a very large number of states, would, however, have the effect of limiting the fluctuations, and mitigating their grievous consequences. The past sufficiently answers for the future on this point. If in 1850, on the invasion of Californian gold, gold had been made a mere token, as certain economists demanded, who can say what fall that metal, thus deprived of its monetary function, would have undergone? It retained, however, nearly all its value at that time, owing especially to the action of French legislation, and to the economic strength of France. These two causes combined acted as a great compensation balance.

To sum up, if gold monometallism be the supreme truth, all nations will adopt it; there will be, so to speak, well-clad nations and naked nations, and fearful crises will occur. If it be otherwise, sufferings, the existence and gravity of which cannot be denied, impose on governments the duty of seeking a remedy. Now, that remedy cannot consist in the maintenance of a state of things which makes depreciated silver flow to the less wealthy nations. The only remedy is to put in force organic laws, which are really reason put into words, and the expression of the necessary relations of the precious metals, whatever be the measure of those relations, a question which need not at present be discussed.

Mr. *Fremantle*, Delegate of Great Britain, wished to make an observation respecting the character of the pamphlet recently published by the ex-governor of the Bank of England, Mr. Gibbs, with the approval of the present governor, and from which Mr. Luzzatti had drawn an argument in favour of the bimetallist doctrine. Undoubtedly Mr. Gibbs and the present governor of the Bank of England enjoyed an exceptionally high position in the commercial world, but they would be the first to acknowledge that in the pamphlet referred to by Mr. Luzzatti they had not claimed to express the opinion of the Bank of England, still less public opinion in Great Britain.

Sir *Louis Mallet*, First Delegate of British India, said he proposed hereafter to make known to the Conference the views of the Indian Government on the question of the depreciation of silver. He would confine himself at present to observing that Mr. Chapman's memorandum, to which Mr. Luzzatti had referred, had no official character, and contained only the expression of the writer's personal opinion. It should, however, be added that that opinion was entirely shared by several of his colleagues in the Indian administration.

Mr. *De Thoerner*, delegate of Russia, thought that at the point the discussion had reached the time had come for quitting the purely theoretical ground and seeking the practical solution of the questions submitted to the Conference. In the interesting discussions which have already taken place, said Mr. De Thoerner, each of the extreme systems has found brilliant champions, but can a result be arrived at by the application of absolute principles? Must we, as the gold monometallist school assert, employ gold to the exclusion of silver, as the sole agent of monetary circulation? Is there no salvation, as argued by the bimetallists on the other hand, except in the arbitrary fixing by the legislator of the ratio between the two metals? Is there not a third question to be raised, a third solution to be indicated? Cannot we deduce some general conclusion from the propositions developed here in behalf of his government by the first delegate of Germany?

It is assuredly certain, apart from other questions, that one measure of value is better than two, and one standard better than two; it seems also indisputable that gold possesses, in a superior degree, the qualities necessary in a metal employed as money. It is preferable to silver, just as railways are preferable to roads and bye-ways; but it does not follow that silver should disappear any more than the superiority of railways over roads should involve the destruction of the latter. Were money solely a standard—a measure of value—there would be an advantage in using a single metal, and that the best; but it is also an instrument of exchange having an intrinsic value, and the requirements of the public demand that that instrument of exchange should be placed in sufficient quantity at the disposal of the public. Now, is that condition at present fulfilled? Could it now be so with gold alone if the entire exclusion of silver from circulation were arrived at? Could it be so especially in the future? It would be difficult to reply to these questions in the affirmative. To deny the dearth of gold is almost denying daylight; and this dearth will probably increase, for, from the monetary standpoint, the resumption of specie payments by Italy, Austria-Hungary, and Russia threatens Europe with a serious danger. It can be warded off only by reverting, at least partially, to the use of silver, which the western world has sought too suddenly to dispense with, by an effort which has brought retribution upon its authors. It is not a question, of course, of abandoning the gold standard, which would be a retrograde step in civilisation. Nor is it a question of establishing that fixed and immutable ratio of 15½ between the two metals which Mr. Cernuschi proposes to decree. Mr. Pirmez has clearly demonstrated the inconveniences and dangers of such a system. Its promoters appear to forget that money has not merely a legal, but an intrinsic value, and that by giving it a legal value much higher than its intrinsic value, there is a risk of reducing it to the rank of paper money.

The true practical means of rehabilitating and utilising silver is to enter on the path opened up by the proposals of Germany. Those proposals have an important practical bearing; they have, perhaps, a still greater scientific and theoretical bearing. In what do

do they consist? In three points. First, suspension of the sale of silver; secondly, substitution of silver money for small gold coins; lastly, replacement of silver small-change tokens by silver coins having a real value, and coined of the same fineness as the full legal-tender money.

In order to appreciate the advantages offered us, we must first define what is the aim to which our efforts should be directed. Is it simply to cause a rise of silver in order to enable the treasuries of various States to dispose with less loss of the stock of that metal still encumbering their vaults? Is it not rather to effect a better distribution of the two metals, to enable us to dispense with gold where it is not indispensable, in order to place a sufficient quantity of it where it is really necessary, namely, in the reserves of banks? In substituting silver money coined at its real value for small gold coins, this is precisely the end we attain. The effects which might be expected from this mode of procedure would even be very important if it were decided to apply this measure to the gold coins corresponding to ten-franc and ten-mark pieces. If the majority of the European States resolved on adopting that measure, this would neutralise half of the perils with which the dearth of gold is threatening Europe for the future. Reckoning that the three great European States still under the paper money system, Russia, Austria-Hungary, and Italy, represent altogether 155 millions of people, and estimating at 35 francs per head the average amount of gold money to be put in circulation,* we see that 5½ or 6 milliards of francs in gold specie would be needed if they are to return to the metallic system. Now half that sum would be found if the gold pieces in Europe, equivalent to ten francs, or less, were transformed into silver pieces; Germany would thus leave available half a milliard of francs in gold; France and all the other metallic countries about a milliard and-a-half; lastly, Russia, Austria-Hungary, and Italy, would need a milliard less.

Such might be the practical result of the proposals of Germany; from a scientific point of view they have a not less important bearing. The gold monometallist theory rested on two axioms; it laid down on the one hand that gold must be coined in the smallest possible subdivisions, and on the other that silver must be absolutely excluded from circulation or admitted only in the form of subsidiary tokens. The proposals just made by Germany, impelled doubtless by the force of events, are the very negation of these two essential points of the monometallist monetary theory. They flow, on the contrary, from this twofold principle, that there is a certain limit below which it is not fit to carry the subdivision of gold, and that the gold standard in no way excludes the circulation of silver by the side of gold, but, on the contrary, requires it. In this way we revert to the old historical tradition which gold monometallism attempted violently to destroy; we revert to bimetallism with one standard of value, which was formerly silver, which would now be gold, but which, far from eliminating silver, would ensure it a constant and regular employment in the internal circulation of each State.

Would it be possible to go further in this path? Could we extend to international exchanges a system of bimetallism with a gold standard and give silver a place in the foreign circulation? To succeed in this it would perhaps seem expedient to coin an international piece, or rather to consider silver from the international standpoint as a negotiable security (*valeur de bourse*), whose rating in relation to gold would be periodically fixed, either according to the average market rates or by virtue of an understanding between Governments. Silver would thus be considered between one nation and another, not as a standard of value, but simply as an instrument of exchange. It would be, in fact, a kind of circulating ingot, with this difference, that it would retain the supplementary value added by mintage to its intrinsic value, and would be guaranteed against the chances of an extreme and sudden fall by a kind of international minimum.

This, however, is a question not yet perhaps ripe, and which it is enough to notice in passing. What it is important at present to deduce from this discussion is that no extreme system is in possession of absolute truth. Bimetallists are right in desiring the circulation of the two metals, but they are wrong in desiring arbitrarily and by decree to give an immutable value to silver. Monometallists are wrong in desiring to drive silver altogether out of the monetary market, but they are right in exclaiming against the pretention of their opponents to regulate the mutual relation of gold and silver. The Conference of 1878 will have had the result of reacting against one of these fallacies, and of rehabilitating silver in public opinion; it appertains to the present Conference to lay down the rule that silver has its settled place in the internal circulation by the side of gold, and to seek through the path opened up by Germany the fittest means of insuring the practical application of that principle.

Count *Rusconi*, Delegate of Italy, delivered the following address:—

Mr. President and Delegates,

I am not going to make a speech. I shall only offer some observations on the speech delivered a few days ago by our honourable colleague, Mr. *Pirmez*.

In his brilliant discourse did he not overlook one circumstance; did he not omit taking into consideration a fact, a conviction which has seized on the minds of thinkers, and has

* The gold circulation of Germany is estimated at 32·22 marks per inhabitant. (See the pamphlet, "Die Währungsfrage in Deutschen Handelstage." Berlin, 1881, p. 16.)

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Count Rusconi.

has effected many conversions to bimetallism, the conviction that gold is not sufficient for carrying on all the affairs of mankind.

Yet it is this consideration which has made several who hitherto supported the doctrine he has so brilliantly defended, pass over to the other camp; "pass over to the enemy," as Mr. Gibbs says. Now, is not this fact of extreme importance, and without a universal upset of all prices, and all existing economic conditions, could we adhere to the doctrine of having only gold as money?

Mr. Pirmez has drawn a flattering picture of the monetary conditions of Europe and America. We are imaginary invalids, he says, or rather we are quite well, and it is only too zealous friends who come and tell us, "Be cautious; take care of yourselves; you are not in good health." "What!" we reply, "We are not in good health? But, on the contrary, we feel quite strong; what do you mean by it?"

Is this view, however, a sound one; is it consistent with facts? Is there not in England a remarkable movement in favour of bimetallism? Is not India complaining of the millions of rupees which the monetary legislation of the mother country costs her every year? Has not Germany's reform been suspended midway? Has not the "limping" system of the Latin Union created a host of inconveniences?

"But," Mr. Pirmez tells us, "wait a bit; look at what is happening to the Bank of France; is it not demonstrating the very reverse of the Sieve of the Danaides; is not all the silver flowing back which it was sought to take away? Has not the Bank of France 1,200 millions of silver pieces? What plainer proof that people will not have silver; that the circulation rejects it?" What! 3½ milliards of silver money have been coined; about 2½ milliards are circulating quite well in France and accepted by everybody, especially in the country, yet because there is one milliard buried in the bank cellars we are told people will no longer have silver!

Mr. Pirmez tells us, "Your 15½ is an arbitrary ratio; legislate as much as you like, public opinion will override your laws; above your laws, governments, and assemblies, there is the public:" there is some one who has more *esprit* than M. de Voltaire, namely, the public.

But are we not entering here on the everlasting question of money? Would not all discussion be at an end if we agreed once for all on the definition of it? Is money a commodity? If the answer is Yes, bimetallists are wrong, and nothing would be more absurd than to desire to fix a constant value between two commodities. But if money is not a commodity, if it is only a creation of law which makes and unmakes it at pleasure, why may not law, which makes money, fix also a ratio of value between two different moneys?

I, of course, accept 15½. Why? Because it exists; because it has worked well for a hundred years, whatever may have been the production of mines; because I do not want to demonetise eight or nine milliards of silver money or acknowledge a principle which would compel me perpetually to repeat the operation by fixing the ratio according to the quantities of the two metals. It is nature which, in the long run, takes care of the equilibrium; if there are deviations from time to time in the production of one of the two metals, the aggregate production of both (statistical tables have proved it) follows a regular and uniform process. I therefore accept 15½, just as I should accept 16 or 20 if it existed. When we were flooded some years ago with five milliards of gold coming from Australia, California and Russia, did the circulation feel it? Not the least in the world. It is now the turn of silver. Well, that will pass by as gold passed by. I accept, therefore, 15½.

Our honourable colleague's ideal is the single gold standard system; but did he not himself join in the declaration of the Conference of 1878, in which I had the honour of being his colleague, which stated that it was not desirable that silver should be disused; that it was necessary, on the contrary, to maintain in the world the monetary function of silver as well as that of gold. And, indeed, would not what has happened to silver have happened just the same to gold, if, adopting the idea of an illustrious economist whom we have unfortunately lost, it had been demonetised? The two metals form but a single monetary mass. "There are white grapes and red grapes," said a wise man, "but the juice extracted from them is always wine." There is white metal and yellow metal, but what is made of them is always money; take one away and you will derange all prices; it will be impossible for any country having forced paper currency to get rid of it. You will have divided one-half mankind, whose only money is silver, from the other half, which has only gold, and there will be no means of bringing them together. You will simply force them to revert to barter.

As to the intrinsic value of the metal of which we hear so much, what does it amount to, and in what proportions does it enter into the composition of the value of money?

I have here a purse, and I have a pair of skates, but if the law decrees forced paper currency, if nature no longer freezes the water, what becomes of the intrinsic value of my purse and my skates? In metallic money there is certainly an infinitesimal portion of the value it represents; but close the doors of the mints to the metal composing it, and you will have the exact measure of its so-called "intrinsic" value.

Ricardo says that money in its most perfect form is paper, provided that its value be guaranteed by deposited bullion. We may accept Ricardo's theory, while considering the deposited bullion as a guarantee of quantity, not of value. The productions of nature have limits, those of man may have none. I accept, therefore, the guarantee of bullion, but only for quantity; that is to say, in order to be sure that I shall not have *assignats*. As to value, bullion guarantees scarcely anything.

Money

Money is not a commodity. What characteristics has it in common with commodities? Has it not forced currency? Is its price discussed? Is it bought? Is it sold? Has it a market? What then are the characteristics in which it resembles commodities?

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As to the double standard, Mr. Pirmez, in one of those remarkable speeches of which he is such a master, has also said that the dynamics of values do not differ from those of bodies. Take, he said, two bodies animated by different motions, and fasten them together, you will obtain a uniform motion, but what one will gain the other will have lost. I reply, what matters it if the quantity of motion is not diminished, but remains still the same? What matters it that silver rises and that gold falls if the metals form but a single monetary mass?

In short, gold is not sufficient. The monetary conditions of the world cause serious uneasiness; we have a proof of it even in our meeting together here. The example of the Bank of France does not go for much; there can be no idea of altering the 15 $\frac{1}{2}$; money is not a commodity. If deviations occur in the production of one of the two metals when looked at separately, those deviations cease as soon as you add together the production of the two. To proscribe one of the two metals would be tantamount to abolishing money and turning the course of mankind three thousand years back. I would suggest, therefore, that the whole discussion should henceforth turn on, and be confined to, the definition of money, from which might flow results of which a very accurate idea is not yet perhaps formed.

Mr. *Burckhardt-Bischoff*, Delegate of Switzerland, delivered the following address:—

Mr. President and Gentlemen,

You are aware, from the declaration made to you by my honourable colleague the Minister of Switzerland, that the attitude recommended by the Federal Council to the delegates who have the honour of representing the Swiss Confederation in the International Monetary Conference, is an attitude of expectancy; that they must not take part in any vote, but that their mission is to listen, to report, and to ask for fresh instructions from the Federal Council before pronouncing on any proposition which may be submitted to the Conference; but in giving them these instructions the Federal Council in no way intended to forbid its delegates to take part in the discussion of the interesting questions which occupy the Conference. It is from the exchange of ideas that light will emerge; and even supposing that the Conference now assembled will produce no immediate results, its labours will furnish valuable elements for a solution which is in store for us, I hope, in the future. It is with this view that I wish to submit to the Conference a few observations upon the question before us; observations which represent merely my personal views, and which are yet consistent in all points with the policy which Switzerland has always advocated in monetary matters.

Allow me, in the first place, gentlemen, to join in the tribute paid by my colleague, Mr. Lardy, to the memory of my lamented friend and predecessor, Mr. Feer-Herzog, who represented Switzerland at all the monetary conferences which have been held since 1865, and whose great ability and thorough knowledge of all the elements of this complicated question, combined with an unrivalled capacity for work, have been generally acknowledged and appreciated even by those not sharing, on all points, his economic opinions.

Gentlemen, I possess neither the talent, nor the extensive knowledge, nor the eloquence of Mr. Feer-Herzog, and if the Federal Council has done me the honour of associating me with the Minister of Switzerland and his colleague in representing the Swiss Confederation in a gathering composed of so many men distinguished by their acquirements and labours, it was because it had this idea, that the part of a country like ours can only be a humble one, and that our mission will be, not to propose bold measures imbued with genius, but rather to support, to the humble extent of our ability and lights, the wise and intelligent ideas which will be enunciated by more competent and influential men.

For my own part I am thoroughly convinced that the monetary policy inaugurated by the Latin Union in 1865, with the co-operation and support of our colleague, Mr. Feer-Herzog, has been a wise policy; that it has yielded good results, and that the limitation and ultimate suspension of the coinage of silver have alone preserved the States of the Latin Union from seeing all their gold disappear from circulation and being replaced by silver coin.

Very cogent reasons would, therefore, be necessary to induce us to abandon that policy, and to reopen our mints to the unlimited coinage of silver. Do such reasons exist? It is this which it behoves us scrupulously to examine.

Let us first look at what science says, and next approach the question as it presents itself to practical men; men experienced in and accustomed to financial affairs.

My honourable neighbour, Mr. Cernuschi, says that law makes money; that the State determines its value; that it is in the power of the State to confer simultaneously on both metals the character of money, and to fix, in a durable and obligatory manner, the ratio which should exist between the value of gold and the value of silver.

Now, that is what we dispute. The State, by affixing its stamp to a disk of gold or silver only testifies to the weight and fineness, and gives it a name. That name conferred by the State is, moreover, the primary cause of the confusion existing as to money, and of all the pernicious measures which have resulted therefrom.

If the unit of the French standard, which is 5 grammes of silver, 9-10ths fine, had no other name than 5 grammes of silver, it would be invariable; 5 grammes of silver, 9-10ths fine, would remain to all eternity 5 grammes of silver. Law and the State would have

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nothing whatever to do with it; nothing to add, and nothing to take away; but law has conferred on this unit the name of franc. The franc now represents indiscriminately either a disk of silver of 5 grammes, 9-10ths fine, or a disk of gold of a weight whose proportion to silver is 1 to 15½. This is the effect of law, and this has been the cause of the monetary confusion which has lasted for centuries, and still subsists.

When the value of gold increased in relation to that of silver, the State diminished the weight of gold forming the monetary unit; when the value of silver increased the State diminished the weight of silver. In the course of centuries the weight of coins has thus been constantly diminished and deteriorated, the name, it is true, remained the same, the monetary unit was still called the livre till the day when its name was altered by the law of the year XI. to that of franc; but the livre was no longer a livre, it had diminished and diminished till it had been reduced to a mere fraction of the original livre. This was a profit to the government which manufactured the money; it was profitable to debtors who discharged their debts by means of a weight of silver or gold below that which had been agreed on, but all these profits were made at the expense of the mass of the population. We see the last instance of such a diminution of the weight of money in France applied to gold, in the king's Declaration of the 30th October 1785, as reprinted in the documents annexed to the Minutes of the International Monetary Conference of 1878. It was that royal Declaration which instituted the legal ratio of 15½ between gold and silver, which was afterwards adopted by the law of the 17th Germinal, year XI., and forms to this day the basis of the monetary system of France and her allies.

It results from the foregoing that it was Law which, by conferring a name on the piece of money, was the instrument of the successive depreciations of the coinage which we have seen in the course of centuries, and that so far from establishing the value of money in a fixed and durable manner, law, or rather a bad application of law, has, on the contrary, impaired and falsified the value of money.

I think, moreover, that the single standard principle, as a basis of a nation's monetary system, is generally accepted by science. It is acknowledged that as the monetary unit consists of a disk of gold or silver of a given weight and fineness, there cannot be in theory two independent units, one in gold the other in silver, having an equal value, compared with each other. This is acknowledged by all economists as an absolute scientific truth, but a certain number of them dispute its application when once it is a question of putting it in practice.

Let us now look at the practical side of the question; let us pass from the region of theory to the region of facts.

Gentlemen, I was formerly a banker. During 20 years I was first the head of a banking firm, and afterwards at the head of one of our institutions of credit. I have now retired from business, and I seek no other interest in this question than the general interest of the country, and the interest every thoughtful man must feel in so important a question, which both appertains to science, and exercises a paramount interest on the economic organization of society and the progress of affairs.

I have maintained permanent relations with our financiers in Switzerland, and have sought to ascertain their opinions on this subject. I must tell you that the question is much discussed among us as elsewhere. We have among our bankers warm advocates of the re-establishment of the silver circulation; we have some who defend the *status quo* and clamour for the gold standard. There is, however, one observation to be made. These gentlemen are not always disinterested in the question. It is clear that those who trade in the precious metals have a pecuniary interest in the maintenance or re-establishment of the double standard, which is a lucrative source of operations for them, and one involving no risk. It is proper therefore to accept, with a certain reserve, their complaints and demands, which we may suspect of being influenced, to a certain extent, perhaps unconsciously, by motives of private interest.

So much for our financiers in Switzerland; let us pass to those of Paris.

I have the advantage of keeping up excellent relations, both of old and recent date, with a certain number of leading bankers at Paris, and I have endeavoured to see the way in which they look at this question. I must acknowledge that here again opinions seem somewhat divided, but my impression is that the cause of the single gold standard has for some years been making progress among leading bankers.

I have been much struck by the observations, full of truth and precision, made to me by a man occupying a very high position in the financial world, and at the head of one of the chief institutions of credit in Paris, inferior in importance only to the Bank of France.

In speaking of the monetary standard, this gentleman said to me, "This is above all a question of honesty. If I lend a merchant 155 kilogrammes of silver, honesty requires him to return me 155 kilogrammes of silver. If I lend him 10 kilogrammes of gold, honesty requires him to return me 10 kilogrammes of gold. But it is not honest for the law to give my debtor the option of returning me either 10 kilogrammes of silver or 155 kilogrammes of gold, according to whichever is most advantageous for him. The law should be just and equal for all, and not arbitrarily favour either creditor or debtor. This is what makes the superiority of the English market in the world's commerce. When I buy a bill of 1,000 £. on London, I know that I shall receive as many ounces of 22-carat gold as are involved in the proportion of 3 £. 17 s. 10 ½ d. per ounce. When I buy a bill of 25,000 francs on Paris, I do not know whether I shall receive gold or five-franc silver pieces, and I do not know at what price I shall be able to exchange the five-franc silver

silver pieces for gold. This is why bills on London are the chief criterion of international operations throughout the world, in India, China, Australia, America, and this is why they are preferred to bills on France. For this reason I myself make all my long running contracts in pounds sterling, payable at London. The pound is a firm and unchangeable basis, whereas the franc is not.

"Nearly all French Governments, since king Philip Augustus, successively debased the old French livre, and the franc under the double standard system is still liable to debasement; that debasement may even be very appreciable, if we are ever obliged through a bad harvest, or any other unforeseen accident, to pay in silver for purchases made abroad in silver. The franc is a word not representing one and the same article, whether a given weight in gold or a given weight in silver. For every monetary system the essential basis is honesty and truth."

Such, in few words, is what that financier told me. I think you will be struck, like me, with the soundness, clearness, and precision of his ideas.

Gentlemen, I am afraid of having already abused your indulgence, but if you will allow me, I should like to offer some observations on two other points which have been alluded to in the discussion we have heard.

Those observations relate:—

1. To the alleged loss sustained by the German Government through the carrying out of its monetary reform.

2. To the difficulties created for the Latin Union by its stock of five-franc silver pieces.

Mr. Cernuschi has told us that Germany has lost 96 millions of marks through her monetary reform, and that other nations have profited by that loss. He has proposed that these 96 millions should be repaid to Germany by the other nations. Now I may first of all remark, that according to the official documents communicated to us by the Imperial Government of Germany, the difference resulting from the sale of 7 millions of pounds, or 3½ million kilogrammes of fine silver, compared with the purchasing price, amounts only to 71 millions of marks, and that the balance of 25 millions arises from the wear of the old coin withdrawn from circulation; that is a loss inherent in every coin currency, and has nothing whatever to do with the monetary reform and the introduction of the gold standard. In any case, therefore, only 71 millions would have, according to Mr. Cernuschi, to be reimbursed to Germany by the other nations.

But I go further, and I deny that any loss has resulted to Germany from her monetary reform.

We must not in fact overlook that the German mark which constitutes the gold unit, has now a value very different and very superior to one-third of the old thaler based on silver. The alleged loss results from the exchange of the old silver coins for gold on the footing of 15½. Now that ratio is, at the present moment, 1 to 18.

To buy a thousand kilogrammes of gold, Germany has paid 15,500 kilogrammes of silver, plus 1,700 kilogrammes, so-called loss on silver; total, 17,200 kilogrammes of silver.

These 1,000 kilogrammes of gold are now worth 18,000 kilogrammes of silver.

There is no loss, therefore, but a profit; and if Germany now wished to repurchase all the silver she has sold for eight years, she might do it at a considerable profit.

The gain in value is not confined to the silver sold and replaced by gold. The silver sold amounts to 7,130,000 pounds, producing a sum of 567 millions of marks. But the whole monetary circulation of Germany, which formerly consisted of silver, and is now based on gold, a circulation which may be valued altogether at about 2½ millions of marks, has profited by this gain in value. Germany's exchange at Paris is now 124 francs per 100 marks. Now, if Germany had still her old silver standard, the exchange at Paris would be 110 or 105 francs per 100 marks. On a monetary stock of 2,500 millions, this would make a difference of at least 300 to 400 millions of marks.

To judge of the results of the monetary reform, it is necessary to consider not only the amount of marks realised, but the value of the mark as compared with the franc.

In my view all this shows that the monetary reform has imposed no real sacrifice on Germany. I fully agree with the view expressed in the declaration made to us by the delegates of Germany at a previous session, "That the monetary reform has sensibly improved the conditions of the circulation of that country," and I cannot for my part but share the opinion enunciated by them, that "Germany's monetary reform is now very far advanced, and that her general monetary situation does not seem to call for a change of system."

There remains the second point on which I propose to say a few words, namely, the stock of coined silver existing in the Latin Union. I agree that this is more serious, and that it has inconveniences for the present and elements of danger for the future.

Nevertheless, as shown by Mr. Pirméz in his brilliant speech, the impending abolition of forced currency and resumption of specie payments by Italy, should sensibly lessen these inconveniences and dangers by creating a new and vast outlet for the circulation of our silver pieces, and by giving them access to a great country with a population of 28 millions. The silver stock will be spread over a population of nearly 80 millions, in lieu of a population of only 50 millions at present using it.

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M. Burckhardt-Bischoff.

It is none the less true that this stock of coined silver far exceeds the requirements of the internal circulation of the Latin Union; the populations do not like it, and reject it; foreign commerce does not accept these coins at the artificial value attributed to them by law, so that they flow into the public treasuries and great financial establishments, and choke the cellars of the Bank of France.

I think it is expedient to seek a remedy for this state of things. We might convert into ingots a portion of the silver coin rejected by circulation; these ingots would have a fixed weight of 1 kilogramme, 10 kilogrammes, 100 kilogrammes, and would be of the uniform fineness of nine-tenths. They would be deposited in the cellars of the great banks of issue, the Bank of France, Bank of England, Imperial Bank of Germany, and others. In exchange for these ingots the banks would issue *münzscheine*, or silver certificates, similar to bank notes, but giving a right to one or more silver ingots of a fixed weight, and nine-tenths fine.

These certificates might be either payable to bearer or to a given person, and transferable by endorsement; they might serve as an instrument of exchange, and replace silver coin as far as regards the circulation of silver. They might freely circulate throughout the world like cheques or bills of exchange, without the silver they represent changing its place. Commerce would buy them, and would withdraw the silver deposited at the bank as soon as it had a use for it, whether for the requirements of industry, for trade with Eastern countries, or other purposes.

It seems to me, gentlemen, that this is an idea worthy of being discussed and taken into serious consideration. It may possibly contribute in a certain degree to the solution of the question before us. There will be indeed a more or less serious loss on converting five-franc silver pieces into ingots, and substituting the real and commercial value of this stock for the artificial value assigned it by law. But we shall undergo that loss only once, and if we succeed, even at a considerable sacrifice, in putting a stop to the inconveniences and dangers inherent in the present monetary circulation, and in establishing it on firm and durable basis, I think the result obtained will not be bought too dearly, even at the sacrifice of a very considerable sum of money.

These, gentlemen, are the observations which I was desirous of offering to you.

I leave off where I began. Switzerland is a small country; she has at all times, to a greater or less degree, made use for her internal circulation of the money of her neighbours; at one time Germany, at another France. Since 1850 she has had the French monetary system, and has openly adopted the monetary policy of the French nation. This same tendency afterwards induced the formation of the Latin Union. Switzerland asks nothing better than to continue in the same path, and to act in concert with France and her other allies on the monetary question.

This situation makes it incumbent on us to co-operate to the extent of our light and experience in the study of the great, complicated, and vital questions now before us. It is to contribute towards that task that I have allowed myself to offer you the foregoing observations. I thank you for having received them with courteous attention.

Mr. Cernuschi, without intending to reply to Mr. Burckhardt-Bischoff's speech, was anxious to recall that, contrary to the estimates of the honourable delegate of Switzerland, the German Government had really lost 96 millions of marks through the carrying out of its new monetary system. The Imperial Chancery itself admitted this in the memorandum which had been distributed at the Conference, and the profit of quite a different nature which the German Government might at the same date have realised on the manufacture of small change could not be logically reckoned as a set-off.

The discussion was adjourned to Thursday, 12th May, at 1.30 p.m.

The Session concluded at 5.30 p.m.

F I F T H S E S S I O N .

Fifth Session.

Mr. Dana Horton.

Thursday, 12th May 1881.

Mr. *Vrolik* (Vice-President) presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India,
and Canada,
Greece,
Italy,
The Netherlands,

Portugal,
Russia,
Spain,
Sweden,
Norway,
Switzerland,
The United States of America,
and
France,

who attended the previous meeting.

The Session was opened at Two o'clock.

The Minutes of the previous Session were read, and adopted.

In pursuance of the order of the day, the general discussion of the "*questionnaire*" was resumed.

Mr. *Dana Horton* read the following Address:—

Mr. President and Gentlemen,

In taking the floor to present some remarks suggested by the learned addresses of the representatives of Governments which do not feel themselves justified in forming a monetary alliance with France, and with my country, you will permit me first to follow the speaker who has immediately preceded me, Mr. *Burckhardt*, upon ground which, although it forms no part of the direct object of our reunion, has still a meaning and an importance which are more than personal, more than national. I allude to the touching words through which Mr. *Burckhardt* has expressed his admiration and his regret for a distinguished delegate who represented Switzerland in the Conference of 1878, and who is now no more. Gentlemen, it is to associate myself with that sentiment that I address you. As a former delegate to that Conference of the Government which convened it, it is my privilege to do justice to the memory of Mr. *Charles Feer-Herzog*, to his profound learning, to his marvellous activity of mind,—in a word, to all those qualities of the thinker, the statesman, and the orator, which are attested by the monetary policy of his country; by the history of the Latin Union, of which he was one of the founders; by the Conference of 1867, of which he was one of the originators; by the records of the Conference of 1878; and by monetary literature, his first contribution to which dates, I believe, from 1850.

Although opposed in theory and in practice to the movement of ideas toward the adoption of the gold standard, to which Mr. *Feer-Herzog's* activity made such important contribution, I could not fail to recognise in the motive forces of this great movement the sense of the need of a closer union among civilised nations; and, although I did not believe it possible to form a great monetary union, without using both metals at the same ratio, I have always felt for those who created and directed this movement the sympathy natural to one who has sought to realise what he at least believed to be the better portion of their aims.

I cannot, however, now pass to our discussion without having mentioned another occurrence of a similar nature. I speak of the death of *Ernest Seyd*, the monetary writer, whose works are known to you, and which took place at Paris since the convening of our Conference. It was the profound interest which he took in the Conference which brought him here, and which, I believe, hastened his death. How intense that interest was may be well understood when we remember that but a very few years have passed since the day when there was no serious opposition to the general adoption of the gold standard, except on the part of Professor *Wolowski* at Paris, and of *Ernest Seyd* at London.

I now pass, gentlemen, to some remarks on certain passages of the address of the honourable Delegate of Norway at the second Session.

In this remarkable address he has presented to us an interesting résumé of the economic history of our time, and, notably, he has established the comparison between the situation before 1850, and that in the midst of which we live, so far as regards the means of exchange and of transportation.

Let us turn our attention upon the picture which he presents; taking France, at the same time, as he does, as the centre of gravity in the monetary world.

In the period which, in France, is known as the reigns of Charles X. and of Louis Philippe,

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Philippe, we see a preponderating circulation of silver. The 100 cent. or five-franc pieces, which exist in such great abundance in France, predominated in the monetary world.

Gold was scarce, exceedingly scarce; a premium was paid for gold, and it was a high premium. Nevertheless, gentlemen, people used what gold they had; gold circulated. There was gold in the countries which had the double, or what I have preferred to call the silver and gold standard, and it was used in business; only it was used at a premium.

It is this situation which gentlemen fear to see reproduced.

If I have rightly understood them, the speakers who have depicted the possible results of the formation of our Bi-metallic Union have presented the situation before 1850, which they have portrayed in the blackest colours, saying to the bi-metallist, "In this you see the outcome of your work: *Mutato nomine de te fabula narratur.*"

Let us ask then what was the cause of this premium on gold, the successor of which is to overthrow the fixed ratio of our Bi-metallic Union.

Premium means, does it not, that there was a demand, an employment for gold, and that there was not enough gold to supply it. Otherwise gold would have rested at par; that is to say, at the ratio fixed by the French law.

Now, gentlemen, what was the total stock of gold, as compared with silver, at this epoch? If I be not mistaken, gentlemen, all specialists are agreed that the proportion was approximately 40 per cent. of gold to 60 per cent. of silver, while the annual yield of the precious metals was about one-seventh what it is now, and of this yield not even 40 per cent. was in gold.

The expression *Geld-Theuerung*, which the learned German economist, Roscher, has applied to a part of this period, seems to me to apply to the entire period when it is taken as a whole, and when one remembers that it was inaugurated by a general retirement of paper money.

In this situation, precisely the opposite of the present situation, when gold is in a crushing majority in the Western World, there was always the pressing demand for gold for England, which has been so often mentioned. The character of this demand, in its first attack against the monetary basis of the business of Europe, at the time of the resumption of cash payment, is very well defined when I say that the demand of the year 1821 brought about a rise of the *Friedrich d'or*, in Germany, from $5\frac{1}{2}$ to $5\frac{3}{4}$ thalers, nearly 5 per cent.

I cite in support of this assertion an authority whom all are bound to respect. I refer to the learned Hoffman, First Professor of Political Economy at the University of Berlin, First Director of the Statistical Bureau of Prussia. (Document of the Conference of 1878, p. 706.)

But, gentlemen, when we remember what the industrial and commercial importance of England was at that epoch, and that, as has been so well explained in the learned address of our honourable colleague, Dr. Broch, every journey which gold made in its business of circulation, took so much time when people had to trust to horses, and to sailing ships, rather than to locomotives and steamers, I ask you, was it not a very strange fact that the premium paid for gold in France was so small?

The blanket was very narrow, gentlemen, if you will permit me to borrow Prince Bismarck's simile, and England was lying in the middle. Why did not those who were on the outside pull harder at the blanket? Was it not because the law, by giving either metal the power of acting as substitute for the other, made the blanket stretch, so that they did not have to pull so very hard?

I confess to you, gentlemen, that the facts upon which the honourable Delegates of Norway and of Belgium seem to rely—I speak here of this portion of the remarkable address of Mr. Pirmez, in which he predicts for us a premium on gold—seem to me to support precisely the opposite conclusion to that which they draw.

I see in the situation before the discovery of the great gold mines a powerful reason why the European Continent should complain of England for disorganising, by her refusal to use silver, the stability of the purchasing power of Continental money, both domestic and international.

One might, indeed, say that this premium, of which we have been speaking, never would have existed if England had been content to take merely her fair proportion of the metallic stock of the Western World at that epoch.

I see also in the fact that, notwithstanding such rude attacks, the premium on gold kept within such narrow limits, a proof of the intimate relation which I have believed to exist between money and law, and which induces me to think there will be no premium on gold in our Bi-metallic Union.

In connection with this observation, I allow myself to call your attention to certain historical points which have been mentioned by the honourable Delegate of Switzerland, Mr. Burckhardt, and also, I think, by Mr. Pirmez.

I refer to the assertion that the French laws of 1785 and 1803, in adopting the relation of $15\frac{1}{2}$, had done nothing but merely adopt a relation already created by the natural course of events.

This is an opinion, gentlemen, generally—I might, indeed, say universally—held by those who have taken an interest in this question.

Nevertheless, the researches which I have myself made enable me to present information upon this particular question, as well as upon the general rise of gold at the end of the

the last century and at the beginning of this, which indicates not only that this opinion about the origin of the ratio of 15½ is unfounded, but also which shows clearly that this rise of gold was directly the result of laws which favoured gold at the expense of silver.

The documents upon which these conclusions are based are to be found, in English translation, in my "Contributions to the Study of Monetary Policy" in the Document of the Monetary Conference of 1878. If the Conference has no objection, I will, without taking time to set forth the matter now, present a memorandum on this question to be printed as an exhibit to the Journal. (See Appendix, p. 257.)

In presence of observations, which have rather a theoretical nature, concerning the ineffectiveness of legislative interference in matters of money, and which have been presented by the Delegates of Belgium, Switzerland, and Russia, I also ask permission to present, as an exhibit to the Journal, the considerations on this subject embodied in my pamphlet entitled "*La Monnaie et la Loi*," which has already been presented personally to the members of Conference. (See Appendix, p. 260.)

Returning to the question, I shall, if the honourable Delegate of Belgium will allow me, ask him to make the attempt to apply the economic principles of freedom of exchange upon which, if I do not deceive myself, his views on the nature of money are based—to the situation of Europe at this epoch of which we have been speaking.

It is neutral ground in the past, but, at the same time, familiar ground. What would have been the result if it had been left free to all those who had payments to make, to choose, each one his means of payment? That is what I should call the logical result of the application of the principle of freedom of exchange to money.

But, gentlemen, if we approach the question as Mr. Broch and Mr. Pirmez have formulated it—that is to say, whether it is not to be feared that the fixed ratio, when it shall be established, will be at once abandoned, it is necessary to ask which of the two metals will command a premium on the other. These distinguished speakers say that it is gold which will be at a premium. Very well. Do they admit, then, that gold is about to become scarcer than it is now? I think they are, to a certain extent, bound to make this concession. The supposition, therefore, upon which this opinion of these eminent men is based, is it not that the stock of gold is already, or is about to become, too small to meet the demands of the Western World, and that, for this reason, gold is to be at a premium after the Bi-metallic Union is formed? Very well! Gentlemen, I beg you to look at the other side of the supposition. It is a melancholy picture!

Let us leave to one side for a moment the serious question of the *Geld-Theuerung*, the money famine, the prolonged crisis which I have mentioned in the list of questions which I had the honour to present. I merely ask, with reference to this important matter of the premium, how long do you expect to be able to keep the five-franc piece at par in the terrible situation which has been depicted? If gold is to be at premium over silver in the Bi-metallic Union, when silver will be money and coinable in Europe, money and coinable in Asia, in America, and in the Islands of the Sea, can you have any doubt that, in case the Bi-metallic Union is not founded, gold will be at a premium over tokens?

I regret, gentlemen, to be obliged to repeat here remarks which I made in the Conference of 1878.

But it seems to me that gentlemen neglect the important fact that the five-franc piece is a token. In fact, it seems to me that it is in the order of the day for the adversaries of bi-metallism to propose that these silver coins shall be redeemable in gold at the demand of the holder.

If we accept the hypothesis, gentlemen, that gold is to be insufficient for monetary uses, I think we shall also have a reply to the distinguished speakers who express the fear that, in the Bi-metallic Union, silver will fill the circulation, and gold will stay in the banks. The danger of such a state of affairs seems far more imminent if the barriers are maintained which now paralyse the international movement of silver; that is to say, if the Bi-metallic Union is not formed.

In fine, I have to say with reference to the interesting question raised by Dr. Broch, namely, whether the lightness or the portability of gold has not to-day an importance relatively greater than it possessed at the period of which we have spoken, that I can by no means accept as valid the reasons he gives for his view that this is the case. The important fact to which he calls our attention, that to-day stocks and bonds travel about over the world, appears to me a proof that the whole world has a new interest in the stability of the international purchasing power of money. So likewise the new modes of transportation seem to me adapted to facilitate the transportation of the metal silver, relatively so light, as well as of wheat, and meat, and cheese, and other commodities, which are relatively so heavy, and yet which in our day make such long journeys. If the greater part of commerce consists in having commodities which, value for value, weigh 10 times, or a 100 times, more than silver transported by railways and steamers, I see no insurmountable inconvenience in having the balance, the small residue, which is paid in money, likewise transported, though it be silver.

In another part of his speech the learned Delegate of Norway has presented us with very serious views on the situation of existing silver coin throughout the entire world. He estimates the total sum of gold money at 18 milliards of francs, and the total of silver money at 16 milliards nominally, but really at 14 milliards, because of the depreciation of

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silver. The formation of the Bi-metallic Union means, therefore,—he says a rise,—an increase of the total stock by two milliards (2,000,000,000 francs). If I be not mistaken, the honourable Delegate of Belgium regards the situation from the same point of view as Dr. Broch, and draws the same conclusion, namely, that “the formation of a Bi-metallic Union would give a stunning shock to the commercial and industrial world, and cause a serious disturbance in all communities.”

I may be permitted to ask if there is not here an error in the calculation, which becomes a very serious matter on account of the conclusions to which it gives rise.

If this silver coin were really depreciated in its quality of money, there would be, of course, a fall of gold, and a sudden and similar rise in silver.

But is this silver depreciated? Is it true that gold is at a premium of 18 per cent. over silver coin in the Scandinavian Union, in England, in France, and in Belgium?

It is for you to decide this question, gentlemen. For myself, I avow, judging by my experience in the last few weeks, I found that in England no more than 20 silver shillings were given or taken for a pound sterling, while in France, in the circulation, a napoleon is worth no more than four five-franc pieces. In my country I am absolutely certain that the silver dollar is still at par with gold. In fact, I remember that the honourable Delegate of Norway, in an eloquent address which he delivered in the Conference of 1878, expressed the opinion that that dollar would remain at par, provided it were protected by maintaining the limitation of coinage. I must, therefore, ask for more precise information concerning the existence of this silver coin, the situation of which as money is to be so changed by the formation of the Bi-metallic Union. If its situation as national money—for the question of its exportability has not been raised by the honourable Delegates—does not change, if the shilling, the florin, the franc, the mark, the krone, the dollar, exchange at the same rate relatively to gold after, as before, the formation of the Bi-metallic Union, the objections of the honourable Delegates do not seem to repose upon a very permanent basis.

It is in the Indies, however, in China, in South America, in Mexico, that the greater part of the 16 milliards of silver coin are, of course, to be found. But is the silver coin there depreciated? Has there been a corresponding change of prices in those countries since 1873? If the learned Delegates can give us any information on this point it will be of the greatest interest; I await it with impatience. From my present point of view, however, I do not understand that the Bi-metallic Union implies any other important change in the situation of these peoples than the following:—In their foreign commerce, and in international investments, where gold has been recognised as the medium, or as the standard of payment, there will be a change; and the same thing will happen in gold countries, *mutatis mutandis*. But even in these limits, and they are very narrow, gentlemen, I find that the language used by the learned orator passes the bounds of reality. Silver will rise 18 per cent., he says, and gold will fall. But if there be a rise of silver of 18 per cent., there can hardly be a fall of gold of the same amount. If gold descends, it must surely meet silver on the way.

Mr. Cernuschi, delegate of France, asked the Conference for a few moments of its courteous attention. He proposed to prove that bi-metallism, with the fixed ratio of 1 to 15½, was legitimate and necessary, to reply to the various objections offered to that system by Mr. Broch and Mr. Pirmez, and lastly, to explain how bi-metallism, at 15½, had worked with success for many years, what chances it had of being again adopted by the principal nations, and under what conditions it could be restored.

It is not necessary, said Mr. Cernuschi, it is not desirable that mankind should have a single philosophy, a single religion, a single language. But it is necessary, desirable, and indispensable, that mankind should have a single money. Mankind has had it; the monometallists have deprived them of it. Till the last few years humanity enjoyed the immense advantages arising from unity of money, and those advantages it did not owe to the use of a uniform coin; it owed them to the unity of material. The law, by placing the yellow metal and the white metal on the same footing, by establishing a fixed and invariable ratio between them, had made them really a single money. That is what the legislator had decreed, and in this he had not exceeded his rights. He had simply used them as the gold monometallist legislator uses them, when he decides that gold shall serve as money and have forced currency, as the silver monometallist legislator uses them in an opposite direction for silver. There is nothing arbitrary here, if by arbitrary is meant misuse of the free will appertaining to the legislator in the exercise of the prerogatives with which he is invested. Whoever indeed speaks of money, speaks of value fixed by the law. Money without fixed value, without legal and obligatory currency, is not money, but simple merchandise. Gold monometallists are the first to acknowledge this; otherwise, why do they decree that gold shall neither rise nor fall? If the assigning of a fixed value to money was no longer considered an essential right of the legislator the very institution of money would collapse. There would then be exchanges of products for products; but there would be no more purchases, no more sales, no more price, no more payment. We should revert to the procedure of primitive communities, to the barter practised among savages.

If bi-metallism, with the fixed ratio of 1 to 15½, is legitimate, it is also possible. This has been denied, but it is like denying daylight. So possible is it that it existed for nearly a century. From 1785 to 1874, despite all the perturbations in the yield of mines, all the economic or political catastrophes, it remained the monetary law of the whole world. Examine the prices of silver at London from 1833 to 1874, and you will perceive that

that that metal, subject to the variations of exchange, was always worth its par of $15\frac{1}{2}$ with relation to gold.

I lay before you the table of Messrs. Abell and Pixley, giving the price of silver from 1833 to the end of 1880.* I shall have occasion later on to explain how those prices fluctuated within certain narrow limits, calculated beforehand, around the par of $15\frac{1}{2}$, which is $60\frac{1}{16}$ d. per ounce.

An electric cable unites Europe and America; the cable breaks; we propose to put it right, and behold we are told it is not possible for Europeans and Americans to correspond by means of a wire. Such is our situation with regard to the monometallists; they maintain that the establishment of a bimetallic legal value is unnatural, although for nearly a century nature never objected to its regular and peaceful working.

The ratio of $15\frac{1}{2}$ held its ground till the day when the equilibrium was destroyed by legislation, through the suspension of the mintage of silver in France.

Bimetalism is not only legitimate and possible; it is also necessary. It is the only system which protects humanity from the disquietudes and sufferings resulting from the variations which occur in the yield of mines. These statistics of the so-called precious metals, which play so large a part in the argument of the monometallist, have no importance in the eyes of bimetalists. Why? Because the latter take as the basis of their system the original act from which the monetary idea is deduced, and which consists in the acceptance of natural facts. They admit as monetary metal the whole quantity which exists and will exist, whatever the colour, and whatever the importance of the annual yield.

Strangely enough, Mr. Broch supplies us with statistics in which he gives the value of the gold and silver annually produced. How does he go to work to make that valuation? He resorts to the $15\frac{1}{2}$; he says, for instance, that the silver produced amounts to such-and-such a sum in francs; but he has no right to do this. The silver not being coinable in francs, it is impossible to express in francs the value of silver. That metal is in Europe and the United States merely a merchandise of variable value.

This is a very important point; I, therefore, applied to the firm of Wells, Fargo & Co., of San Francisco, who publish periodical statistics on the production of the two metals in the United States, and asked them whether it would not be better to renounce giving the value of the metals produced, and to content themselves with making known the weight. Here is the reply of Messrs. Wells, Fargo & Co. :—

Wells, Fargo & Co. to M. Cernuschi.

San Francisco, 12 April 1881.

I have received your letter of the 14th March. I should be very glad to give you full information, but it is impossible for us to give the exact weight of the metal, and it is also impossible to give the value with precision, for the accounts of certain producing localities were based on the commercial value of silver at the time of dispatching it, while the accounts of other localities were reckoned by the old legal value which silver had in the United States. If I can assist you, command my services, &c. &c.

J. Valentine,
General Manager.

In the view of bimetalists law is stronger than all the irregularities of production. This was proved at the time of the opening of the Californian and Australian mines. The French law prevented the fall of gold which monometallists had predicted. This was what the Secretary of the United States Treasury, Mr. Ingham, foreshadowed for the future, and attested for the past, in a report on the relative value of gold and silver, presented to the Federal Senate on the 4th May 1830. The writer† expressed himself in this remarkable yet little known document, as follows :—

“ Upon a careful review . . . it appears to me the following singular but instructive statements are evidently deducible :—

“ Whatever degree of uncertainty may exist as to the precise quantity of the precious metals which was imported into Europe during the 53 years succeeding the discovery of America, the records of that time abundantly testify that gold constituted the chief part of the supply, and that, nevertheless, its great preponderance did not produce any sensible effect on its market value in reference to silver.

“ It is evident that the enormous importations of silver consequent upon the exploration of Potosi (which mine alone is estimated to have supplied 150 millions of dollars in the 10 years subsequent to 1545), did not vary the relative value of these metals by a rise in gold, as we find that Queen Elizabeth, and her eminent advisers, considered it expedient, in 1560, to reduce the standard proportions from $11\frac{1}{10}$ to 1, to a fraction under 11 to 1.

“ The discovery of the alluvial mines of Brazil, in 1695, quadrupled the annual average amount of gold previously produced, yet in 1717, when this inundation, as it may be termed, was at its height, the value of gold remained the same as in 1650, 1 to 15.

“ Although it appears that the exploration of new mines, but especially of Biscaina, Sombrarete,

* See Appendix, p. 230.
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† John White, Cashier of the Bank of the United States, Baltimore.
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Sombrarete, Catorce, and Valentiana, in Mexico, towards the middle and latter half of the last century, increased to such an enormous amount, yet the market value of silver was almost uniformly higher in England than the standard of 1717.

"These extraordinary circumstances in the history of the precious metals appear to invite and authorise the inference that it is impracticable to fix, with accuracy or utility, the value of gold to silver by a comparison of the quantities produced."

The variations of production are less to be feared, moreover, with the bimetallic system than with the monometallic system, inasmuch as the production of the two metals taken together at the valuation of 15½, annually amounts to about 33 millions sterling, but with considerable fluctuations from year to year in the relative quantities of the two metals. It must be acknowledged that statistics in money of the production of mines are impossible when once the legal ratio, the common denominator between the two metals, is abolished.

If, however, we were doomed to monometallism, if it were necessary to choose one of the two metals, the choice could not be doubtful. Silver would have to be chosen; the existing mass of gold is too small; gold is too difficult to sub-divide ever to become universal money.

It is true that numerous reproaches are cast on silver; it is too heavy, says Mr. Broch, too cumbersome; it excites a general repugnance among the public. No doubt silver is too heavy, and so also is gold. Bimetallists, therefore, do not wish either to overload the circulation with metal, or to coin a single five-franc piece above the present figure. Their only object is to restore to silver its old monetary dignity, so that it may, just like gold, remain in the form of ingots in the bank cellars as a guarantee of the notes in circulation. The banks of Hamburg, Amsterdam, Genoa, and Venice formerly acted thus; the English, Scandinavians, and Americans still act thus with gold.

Mr. Broch holds that gold money should be the money of civilised countries, and silver money that of less civilised nations. What! was not the Germany of Goethe and Schiller equal in point of civilisation to that of Mr. Bamberger and Mr. Soetbeer? Did not Plato and Aristotle, who used silver, live in a civilised country? Is not India a civilised country? It is true, that according to Mr. Broch, the degree of civilisation can be ascertained by the greater or less proportion in which railways are developed in a country; but can India, even from this standpoint, be reckoned backward? And when India shall become civilised, to the extent desired by Mr. Broch, and shall be entitled to gold monometallism, what will she do with her silver rupees? Bear in mind, too, that India had always been bi-metallic, and that it was English law which made her silver monometallic.

The great danger of a vast bimetallic union, according to Mr. Broch, would be the liquidation in case of the bimetallic compact coming to an end. This is a mistake; the international 15½ does not impose the mutual currency of coin, such as, for example, exists to a certain extent in the Latin Union. The case of a liquidation cannot arise. As for the case of war, which has also been spoken of in order to inspire a fear that one of the States might recede from bimetallic engagements, the reply is easy. No State has an interest in demonetising a metal; it would ruin itself. The example of Germany is quite conclusive on this point. Establish the 15½, and it will live upon its own resources.

I think, continued Mr. Cernuschi, I have replied to all Mr. Broch's objections. It only remains for me to thank him for having acknowledged that if bimetallicism were adopted it could only advantageously be done by adhering to the ratio of 1 to 15½.

The reasoning of Mr. Pirmez is more difficult to follow, for the honourable Delegate of Belgium argues sometimes as if gold and silver were merely merchandise, sometimes as if gold had monetary rights not possessed by silver. It would seem, however, that if gold and silver are merchandise, the logical conclusion should be not to have gold money to the exclusion of silver money, but to have none at all.

Mr. Pirmez talks of the preference given to gold over silver, by reason of the qualities of the former metal. How can he thus explain that preference when it is confessed that money is made not to be kept, but to circulate; when it is certain that if the public use money it is not for the sake of possessing a certain weight of metal, but of having a legal monetary unit whose power is known beforehand? That power being equal for both metals, they indifferently accept and expend either. It has always been so in the States of the Latin Union.

The honourable Delegate of Belgium denies the drain of money metal which may happen through the working of the balance of trade; he almost denies the balance of trade; he thinks the differences in the exchanges between nation and nation are settled by bills, securities, clearances, and *arbitrages*, not by direct consignments of monetary metal. No doubt deliveries of securities and *arbitrages* play a great part in the settlement of international accounts. No doubt banks are like permanent clearing-houses, but if the liquidations are not made immediately, it is none the less true that they are eventually made. The debtor nation must necessarily pay the creditor nation, and it is then that the metal money is dispatched.

Mr. Pirmez twits bimetallists with practising monetary homœopathy (*similia similibus*), and with advising the unlimited mintage of silver as the sole remedy for nations suffering from a glut of silver. The reply is easy. If a glut of silver is now suffered from, it is because

because silver is outlawed, has no longer the character of international money, is as it were hemmed in in each of the countries where it exists without being able to pass the bounds. All that bimetallicists propose is to rehabilitate it, to raise the blockade, and by a clause in a statute, as by a stroke of the wand, to make it the equal and equivalent of gold. It is not a question of augmenting the quantity of silver, but of mobilising the silver that already exists.

According to Mr. Pirmez, the situation of the Bank of France in no way justifies the alarms of bimetallicists; if it has in its cellars hundreds of millions of silver it should not be uneasy, for that silver serves to guarantee its notes. But how can it be supposed that there is no inconvenience for that great financial establishment in having a stock composed for the greater part of a metal which cannot attempt to pass the frontier without meeting on all sides a kind of monetary quarantine established by foreign powers. The five-franc pieces are really only paper money with a metallic ring. It is incomprehensible how Mr. Pirmez, who repudiates silver, can maintain that the five-franc pieces at the bank are a good guarantee for the notes it issues.

Mr. Pirmez also endeavoured to re-assure the Conference as to the possible consequences of the drain of European gold to America. If this fact occurs, he says, gold will not be slow in returning to Europe by very reason of its abundance in the United States, and of our requirements. The facts, however, contradict this specious theory. We now see countries with a forced currency; Russia, Italy, Austria, Hungary, continue in want of gold. To procure metallic money, it is not enough, in fact, to have urgent need of it, one must have a favourable balance of trade; one must be the creditor of the foreigner, or else borrow. According to these principles, it cannot be denied that Europe may be more and more exposed to seeing her gold cross the Atlantic.

The United States are convinced of this, yet, nevertheless, they now propose the adoption of international bimetallicism. After numerous variations of opinion, after frequent changes of legislation, the great American Republic has now frankly adopted the bimetallic system. President Garfield's inaugural speech, delivered the 4th March last, leaves no doubt on this point:—

“By the experience of commercial nations, in all ages, it has been found that gold and silver afford the only safe foundation for a monetary system. Confusion has recently been created by variations in the relative value of the two metals; but I confidently believe that arrangements can be made between the leading commercial nations, which will secure the general use of both metals. Congress should provide that the compulsory coinage of silver now required by law may not disturb our monetary system by driving either metal out of circulation. If possible, such an adjustment should be made that the purchasing power of every coined dollar will be exactly equal to its debt-paying power in all the markets of the world.”

What does this speech mean? It virtually says that the Bland Bill is bad; that the limited mintage of silver, so long practised by France with such injury to herself, is a dangerous system. It sets aside all the expedients proposed under preceding administrations; such, for instance, as the increase of the weight of the limited mintage dollar; it publicly acknowledges that the true and only means of restoring to European silver its value in America, and to American silver its value in Europe, is the mutual and simultaneous resumption of the mintage of silver on both sides of the ocean. This is the idea under whose inspiration the French and American Governments convened this Conference; in assembling it, they had none of the ulterior designs attributed to them by Mr. Pirmez. It is not a question for the United States of disposing in Europe of the produce of their silver mines, or for France of getting rid, to the detriment of the United States, of the mass of silver lying in the bank cellars. The purpose on both sides is quite plain and above board: France wants to rehabilitate silver in order to be able to pay indifferently with the yellow as with the white metal for the balance of its imports from the United States; America desires to facilitate the return of European silver into universal circulation because she is the creditor of Europe, and it is good policy for any creditor to help his debtor to fortify his solvency.

Assuming that the principle of bimetallicism already adopted by the Governments of France and the United States obtains also the adhesion of Europe, or at least of the greater part of Europe, how would that system practically work? It would work as it worked in France prior to the suspension of the unlimited coinage of silver. In 1878 I described, in these terms, the working of French bimetallicism:—

“Until 1874, a clear and sonorous voice was always resounding from the banks of the Seine; it said, ‘I am France, rich in gold, and rich in silver. I can arrange that in the entire world the two metals form but one money. Peoples and nations! bring to Paris all the gold and all the silver you like. I take it all. For a hundredweight of gold, or for 15½ hundredweights of silver, I will always give you the same quantity of francs. Let the production of one metal or the other be more or less abundant, more or less costly, it will be immaterial to me; I will never alter my rate of 15½. Peoples and nations! do you want gold? bring silver. Do you want silver? bring gold. As bimetallicists, the French have no preference for one metal or the other; they will always make the exchange for you, *if you know how to ask for it*, of one metal for the other on

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the basis of $15\frac{1}{2}$, and in the two hemispheres the relative value of the two metals will always, and everywhere, be the same of 1 to $15\frac{1}{2}$."

Such, in fact, was for many years the situation of France. Nothing could be firmer, or safer. With her unchangeable law of $15\frac{1}{2}$, she was the great agent of monetary manufacture for the producers of gold and silver; a kind of international mint, where the two metals came to be coined at a fixed ratio, and on invariable conditions. For foreign nations she played the part of an international exchanger, amply provided with yellow as with white metal, and ready to furnish either to clients; that is to say, to monometallist countries; to those who, having only one of the two metals in circulation, might at any time need to procure the other abroad. Sometimes she furnished silver to England for her consignments to India; sometimes she furnished gold to Hamburg in exchange for silver, so that silver-monometallic Germany might pay gold-monometallic England; but she always furnished it to those who *knew how to ask for it*, that is to say, to those who paid a premium beyond the par of $15\frac{1}{2}$. She thus gained on both sides.

Mr. Pirmez has expressed regret that the Latin Union did not, according to the advice of Belgium in 1865, abandon this enviable position, and become monometallic. This is regretting a chimera which could not have been realised; but, had the measure been possible, its adoption would have endangered, not promoted, the interests of the Latin Union. By trying, indeed, to get rid of a metal, and flooding its neighbours with it, a State injures itself as much as them; by making their payments more difficult, it paves the way for its own improvement; it violates the economic law which demands that the metal of which money is made should be a citizen of the world.

The recent example of Germany proves, moreover, how difficult it is to get rid of monetary metal. If Germany has disposed, though with great difficulty and loss, of a portion only of the silver she possessed, it is because she had by her side, at least during the early years of the operation, the outlet of the Latin Union, and because the United States were in course of substituting silver coins for their small notes. The demonetisation of silver in Germany took place concurrently with a mintage of 500 millions of francs of that metal by the Latin Union, and of 70 millions of dollars in fractional money in the United States. The employment of German silver yielding a profit, everybody wished to profit by it. Even Switzerland, despite her dislike of the white metal, coined 10 millions of francs in silver during the first year of German demonetisation, and thus realised a profit of some hundreds of thousands of francs.

Mr. Lardy, Delegate of the Swiss Confederation, observed that this profit did not figure in the current receipts of the Federal budget, but was purely and simply carried to the reserve fund of the mint. Switzerland, moreover, coined only eight millions in five-franc pieces in 1875 (not 1874), out of a total contingent of more than 30 millions.

Mr. Cernuschi, resuming his speech, remarked that Germany could not possibly have carried the demonetisation operation as far as she had done, if the Latin Union had not lent her a hand. So true is this, said Mr. Cernuschi, that the Latin Union having suspended the mintage of silver in 1878, Germany had to stop her sales of silver by 1879. How then should the Latin Union, if it in turn attempted the demonetisation of its silver, succeed in carrying it out? How could it have done so, even in 1865, if it had followed the advice of Belgium and pronounced for gold monometallism?

England was alarmed at the fall of silver, and, in an elaborate inquiry conducted by Mr. Goschen, she investigated its causes. According to the report of that committee, the fall of silver had no less than four causes: the German cause, namely, the demonetisation of silver in Germany; the French cause, namely, the limitation of mintage in the Latin Union; the American cause, namely, the increased production of the United States silver mines; and, lastly, the Indian cause, namely, the falling off in the demands made for coin by British India. The declaration of the German Government is very explicit on this point. It acknowledges that, if the first of these causes had not occurred, silver would not have fallen. A single great country, in Europe, therefore—it is important to take note of this—has attempted to become gold monometallic, and the result of the attempt has been a serious loss for that country; a serious embarrassment for all the others. These are the consequences of a partial success of gold monometallism; what would be the results of its general triumph, assuming that it were possible?

People are beginning to see this in France, as abroad. Notwithstanding the nearly unanimous hostility of the economists forming the Political Economy section at the institute, bimetalism is daily witnessing an increase in the number of its adherents in France; it is enough to cite, among the most important, the President of the Senate and the illustrious *savant*, who is one of the delegates of the French Government at this Conference.

Bimetalism is also gaining ground beyond the French frontiers. Even in the Scandinavian States, the director of the Bank of Sweden is framing a scheme of arrangement which is almost bimetallic, and is preparing a model international coin composed of both metals. It is a scheme that cannot be accepted, but it reveals bimetallic tendencies. Austria has made at this Conference a declaration full of sympathy for bimetalism, and Hungary, according to a publication of its delegate, Mr. de Hegedus, is on the way toward supporting that doctrine. Germany herself testifies that she is interested in the rehabilitation of the white metal, and that bimetalism is necessary in the world.

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Italy, whose financial sufferings are evident, and who wishes to meet her financial engagements, impatiently demands the consolidation and extension of the bi-metallic system. In India the embarrassment is serious, and the desire of arriving at bi-metallism not less ardent. On the 17½ millions sterling, which the Indian Government has annually to pay to England, it lost last year, through the fall in exchange, more than three millions of pounds, or, to speak more accurately, more than 30 million rupees. Indian commerce is suffering in proportion. There need be no surprise, therefore, at the cries of distress coming from India, at the disquietude which is felt by the Government of that vast empire, and which have found their strongest expression in a remarkable memorandum by the director of Indian Finance, Mr. Chapman, in which bi-metallism is put forward as the only possible remedy. (*See Appendix, p. 244.*)

The complaints of India are finding an echo in England. The Chambers of Commerce, the merchants of Manchester, Liverpool, Birmingham, Glasgow, London, the great Oriental Banks, all the legitimate clients of India are also becoming supporters of bi-metallism. Their complaints, however, are not listened to by the British Government, which does not seem sufficiently informed about the state of affairs. England is accused of being selfish on this question. I should rather believe her blind, or insufficiently enlightened, as to her real interests. I may be mistaken, but it seems to me that if the English and Indian delegates would agree to reply to various requests for information which we will put to them, and if they would then keep their Government accurately informed of what passes here, we might hope to triumph over the prejudices still prevalent in high quarters in London.

To sum up, the commercial, industrial, and financial world is in a state of undeniable embarrassment through the monetary situation. That embarrassment would be transformed into acute suffering if monometallism persisted. Monometallism is so conscious of this, that it now confines its pretensions to the maintenance of the *status quo*. It is not entitled to do this. If its doctrine is sound, it should persist in furthering the application of that doctrine; but if it pauses, if it is the first to ask that silver which has already been coined shall continue to be legal currency, with full paying power, it is only a disguised and "limping" bi-metallism.

It is real and undisguised bi-metallism which must be attained. It is practicable with four States, with three, or even with two. Yes, the Bi-metallic Union would be supreme in the world, even if composed only of the United States and France. The thalers, which can neither be melted down nor exported, have legal currency at three marks a piece. Suppose them called in, and replaced by paper marks. The two-State Union buys all these thalers at a price to be agreed upon. They will be delivered to the Union, and it will pay for them in gold in four years, or sooner if it chooses. What will happen? The United States having opened their mints to the free coinage of silver, being creditors of Europe, cannot send thither a single ounce of that metal. Mexican dollars would, therefore, be the only silver arriving in England. Those dollars will still, as hitherto, be forwarded to Singapore, Canton, Shanghai, Yokohama, in payment for what is owed. And how will England manage to pay India, whose balance of trade is nearly always favourable? Not a silver bar being landed at London, she would be forced to ask us for the German thalers, then for the five-franc pieces and silver dollars, and to pay us a premium; that is to say, to give us more than one kilogramme of gold in return for 15½ kilogrammes of silver.

Germany herself would then be embarrassed, if she had payments to make in Asia. She has told us that her commercial relations with England oblige her to have only gold money. But have you not gold when you are bi-metallic? Has not bi-metallic France always had commercial relations with England? Germany, it is evident, has every interest in forming part of a Bi-metallic Union with France and the United States. In that case it would be England, England alone, who would suffer in her isolation. We could only urge her to persist in it if we were to consult our selfish interests, and if the nations who have taken the initiative of this meeting aimed at realising a profit at the expense of other nations. But that is not the case; the idea which inspired the convoking of this Conference was an ardent desire to make the whole world profit by science and truth. This is the reason which makes France and the United States urgently call for the participation of Great Britain in the formation of a great Bi-metallic Union.

Mr. *Seismit-Doda*, Delegate of Italy, remarked that the replies of the British and Indian delegates to the request for information, which Mr. Cernuschi had announced his intention of making to them, might exercise a great influence on the ulterior stages of the discussion. It would seem expedient, therefore, for those questions to be put by Mr. Cernuschi as soon as possible, say, at the opening of the next Session.

Lord *Reay*, Delegate of British India, expressed a desire that the questions which Mr. Cernuschi proposed to address to the English and Indian delegates should be in writing.

Mr. *Cernuschi* replied that he would meet the wishes expressed by Mr. *Seismit-Doda* and Lord *Reay*.

Count *Kuefstein*, First Delegate of Austria-Hungary, delivered the following address:—

After the striking discourses we have heard in the course of our Sessions, it cannot be

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my intention to take part, in a general manner, in the profound discussion which can only be carried on by masters of the subject. I merely ask leave to advert, in a few words, to what has been said respecting paper money countries in general, and Austria-Hungary in particular. My eloquent neighbour has said that these countries have the greatest interest in being represented amid this honourable assembly. I am far from denying it. We have all the highest interest, I will even go further and say, that countries with the gold metallic currency only, or with gold and silver, have a more direct and immediate interest than we have in the labours of our assembly, and in the results which we may obtain. For they are in a position immediately to accept those results, if they deem them conducive to their interests, whereas we are held back by the financial question which, for us, governs and controls the monetary question. We are, therefore, if I may so express myself, at a stage more distant from the practical results of these discussions than countries which are so fortunate as not to be restrained by financial considerations, and which have not only the theoretical liberty, but also the practical possibility of choosing, according as their interest dictates, the gold standard or bi-metallism. It is assuredly quite proper for all countries to consult their own interest on this important question, looking to the welfare of their inhabitants, which should be the chief object of their representatives. The speeches which we have heard, the reservations which have been made, testify to the conscientiousness with which the members of this assembly accomplish their mission, and my eminent neighbour himself, in his striking speech, insisted on this point by denying the legislator's right to pass arbitrary laws, and by demanding that they should be based on the force of things; that is, the necessity of actual interests. None of us, assuredly, would venture to return home to offer for the acceptance of his country a proposal diametrically opposed to its interests.

But what, gentlemen, is a country's true interest? Must it remain absolutely limited by its more or less extended frontiers? Or does it not largely depend on its relations with other countries? We are all convinced, and our presence, if it proves nothing else, proves at least that everybody has recognised this general truth, that no country can permanently remain isolated in economic matters, any more than in politics, and especially it cannot so remain in reference to the question which occupies us.

The more means of communication and of exchange increase, the more will the disturbances, and even the ordinary changes which occur in a country, have an echo in other countries. It is especially, therefore, as so well urged by Mr. Seismit-Doda, a general interest of mankind which has called us together, and with that in view we enter upon an investigation of the question how the interests of each country may be harmonised with this great interest of mankind.

Although we have not yet a practical result to record, it seems to me that we have already taken a step in that direction, for we now know the disposition of each Government, and we have ascertained the possibility of certain concessions.

We warmly desire that these may serve to call forth others, and to lead to concerted action.

Unfortunately it is still impossible for us to take an active part, and we cannot even prejudice the future in any way.

Mr. Cernuschi has remarked, that monometallist tendencies have been exhibited in Hungary. I may add, that they exist also in Austria, where several of our most important newspapers ardently advocate the cause of monometallism. Mr. Cernuschi, speaking of my last declaration, has said there was nothing to add to it. I also have nothing to add, and nothing to retract from it.

If we warmly desire the success of the generous intentions which have brought us together here, it is certainly not in a narrow interest, but in that of all the world. I am sincerely convinced that the entry of the paper money countries into the great family of countries which possess an established metallic currency, will be to the general interest of all. The transformation to be effected in Italy has, therefore, all my good wishes, not only because of the sympathy with which I wish our neighbours and friends a result which may be useful and agreeable to them, but because I think they are promoting a general interest, and I doubt not that the analogous efforts which will one day be made by Austria-Hungary and Russia will be equally attended with the sympathy of other nations, and will promote their interests.

Mr. de Thoerner very justly recognised this. He demonstrated to us, with remarkable precision, the amount of precious metal which will be absorbed by those great outlets.

But in order, gentlemen, that the white metal may be received there, we must not begin by depreciating it more and more.

Several allusions have been made to the distinction sought to be drawn between civilised nations and nations less civilised, nations at a lower stage of civilisation, which might content themselves with silver. Now these 155 millions of men, who also claim to belong to civilised nations, would refuse a metal rejected by the rest of the world, and would not be satisfied with a debased currency. There would, therefore, be a risk of placing these countries under the impossibility of effecting their reform, a reform to which they are tending, but which would not be a blessing if it served only to open their doors to a metal rejected by other nations.

When this reform may be effected is not known, and it seems to me that the question before us is too urgent to be postponed till that unhappily uncertain date. When this great market of 155 million souls is one day opened, it will certainly exert a great influence on the circulation of metallic money. But meanwhile what rôle is to be assigned

assigned to the milliards which will only be needed by them in an indefinite future? The question of the future must, therefore, be set aside, and we must rather keep to the practical question of the moment, which is, how silver can at once be rehabilitated.

In this direction the Delegate of Russia has made what seem to me somewhat practical proposals as to the calling in of five and ten franc gold pieces. I hope that, combined with the other proposals which have been made to us, they may lead to a practical result, if not for ourselves, at least for other States. For even if your generous efforts led to a result not affecting Austria-Hungary, we should be very glad to see it obtained by other countries, and be certain, gentlemen, we should esteem ourselves fortunate at having been able to be present at the inauguration of that work.

Mr. *De Thoerner* remarked that the suggestions submitted by him to the Conference at the last Session, and to which the first delegate of Austria-Hungary had just referred, were not, strictly speaking, formal proposals. It would not appertain to the Russian Government, still compelled to make use of paper money, to take the initiative in such a matter. The Delegate of Russia had consequently intended to give merely simple suggestions in his personal capacity.

Count *Kuefstein* replied that this was how he had understood them.

Chevalier *Von Niebauer*, Delegate of Austria, desired to offer a few observations respecting a fact mentioned by the first delegate of Austria-Hungary. It was certain that two years and a half ago the depreciation of silver at London, combined with the fall in the Vienna exchange on London, attracted such a mass of metal into the Austrian mints, that the Austro-Hungarian Government might, if it had chosen, have resumed specie payments with silver alone. This it was advised to do; but it refused, and preferred to close its mints to the free coinage of silver. The monetary circulation, in fact, as Mr. *Magliani* had said in Italy, could not be re-established on a basis consisting merely of silver. Gold was indispensable; but, on the other hand, it did not appear to be, as alleged by the monometallists, supplied by nature in sufficient quantity to satisfy all requirements. An able German geologist, Mr. *Suess*, affirmed indeed, that the chief gold deposits were not found in mines, but in alluvia, and that the gold-bearing alluvia were very rapidly disappearing. This judgment seemed confirmed by the strong apprehensions excited in the financial world by the announcement of the issue of the Italian loan of 600 millions, two-thirds of which was to be subscribed in gold. If the prospect of the dispatch to Italy of so comparatively inconsiderable a quantity of coin now excited such fears, what would be the case when not merely Italy but Austria-Hungary and Russia should resume specie payments? The Delegate of Austria appealed, therefore, to the judgment of the Conference; highly competent as it was, it could not fail to recognise that no Power could either act separately, or dispense with a standard having an international value.

Mr. *Moret y Prendergast*, Delegate of Spain, thought that at the point at which the debate had arrived, the proposal for adjournment put forward by him at the Second Session of the Conference might advantageously be revived. He asked the Conference, therefore, to decide on adjourning after having heard the speakers whose names were still on the list as desiring to take part in the general discussion.

Baron *Von Thielmann*, First Delegate of Germany, supported the motion of the Delegate of Spain.

Mr. *Evarts*, First Delegate of the United States of America, announced that the American delegates had still some considerations to offer on the general discussion.

The *President* remarked that at its Second Session the Conference decided to proceed not only to the general discussion, but to the discussion of the separate articles of the *Questionnaire*, and that only at the close of this debate would it be proper to decide on the proposal for adjournment made by the Delegate of Spain.

After observations submitted by Mr. *Cernuschi* and Mr. *Denormandie*, the Conference suspended any decision on the proposal for adjournment, and simply adjourned the general discussion of the *Questionnaire* to Saturday, 14th May, at half-past one.

The Session concluded at 5.30 p.m.

Fifth Session.

Count *Küfstein*.
M. de *Niebauer*.

SIXTH SESSION.

Saturday, 14th May 1881.

Sixth Session.
M. Denormandie.

Mr. Vrolik presided, and there were present the Delegates of—

Austria-Hungary,
Belgium,
Denmark,
Germany,
Great Britain, British India, and
Canada,
Greece,
Italy,
The Netherlands,

Portugal,
Russia,
Spain,
Sweden,
Norway,
Switzerland,
The United States of America,
and
France,

who attended the previous meeting.

The Session was opened at 2 o'clock.

The *President* communicated to the Conference a letter in which the Minister of Finance, who had been summoned to Dijon to attend a funeral, expressed his regret at not being able to attend the Session.

The Minutes of the previous meeting were read.

Mr. *Cernuschi*, Delegate of France, asked leave to supplement the remarks he made at the last Session respecting the profits realised by certain States of the Latin Union on the limited mintage of five-franc pieces. This profit could have been obtained only on pieces coined with silver bought at low rates, for instance 1 to 17 or 1 to 18, outside the Latin Union, in Germany for instance, and which might have been exchanged for gold in France under the legal ratio of 1 to 15½. It was but just to remark that the coins manufactured under these conditions represented only an insignificant fraction of the total amount of five-franc pieces coined in Italy. An official statistical document which Mr. *Cernuschi* laid on the table of the Conference (*see* Appendix, p. 165), showed in fact that the silver coined by the Italian Government from 1862 to 1879 came, not from purchases made abroad, but from the melting down of the old money of the various Italian States.

The Minutes were adopted.

Mr. *Cernuschi* read the list of questions which he desired to address, according to the intention announced by him at the last Session, to the delegates of Great Britain, British India, and Canada.

It was resolved that this list of questions should be printed and distributed among the members of the Conference. (*See* Appendix, p. 20.)

The general discussion of the *Questionnaire* was resumed.

Mr. *Denormandie*, Delegate of France, stated that he had no intention of discussing thoroughly and in all its parts the reasoning of the supporters of monometallism. Time would doubtless fail him for such a discussion, and he should be afraid moreover in entering upon it of deviating perhaps from the reserve imposed on him by his official capacity, and from which he desired not to depart.

There is, however, one objection made by Mr. *Pirmez*, said Mr. *Denormandie*, to which I am anxious first of all to reply. The honourable delegate of Belgium endeavoured to establish that the Conference was not competent for the task to which it had been invited; he maintained that it was contrary to true economic principles, contrary to liberal ideas, to try and fix by agreement at an invariable rate the ratio between gold and silver, and that, were such an arrangement concluded, the signatory States would be powerless to ensure its execution.

Are these serious assertions well founded? Is it true that Governments are incompetent in monetary questions? Is it true that they have no right to settle all their details, especially that essential point, the relative value of the two metals, gold and silver? For whoever reflects on the nature and origin of money, the reply to these questions is not doubtful.

What then is money? Without investigating theoretically whether it is a commodity or not, we may from the practical and as it were utilitarian standpoint define it is a value which is related to the greatest possible number of our requirements, in a word a universal instrument of exchange. The conditions which it should combine are known to all. It should be more easily transportable, more easily receivable than the various objects whose place, so to speak, it takes; it should, moreover, be homogeneous, easily divisible into small fractions formed of a sufficiently durable material; lastly, it should be capable without difficulty

difficulty of receiving the durable stamp which becomes as it were its patent of nobility. Money thus constituted appears in the history of humanity simultaneously with the earliest traces of civilization. At the outset nations still barbarous exchanged merchandise for merchandise; gold and silver, already discovered, served only as ornaments. But this primitive and so to speak rudimentary system did not out-last the savage state. As soon as sciences and arts had made some progress, as soon as communities were formed, monetary truth made its appearance; gold and silver were raised to the rank of money. It was evidently the result of a common understanding, a general consensus, a kind of convention. Under what form it is unknown, but the fact of this consensus is not doubtful.

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None of these principles, none of these facts, are overlooked, it is true, by Mr. Pirmez, but looking to the object for which the Conference has been convened, he denies that Governments have the power of causing two metals to co-exist, which in fact have never circulated together; he maintains that to try and decree this co-existence and fix the mutual relation of gold and silver by giving to that fixity an international character is to fall into the abuse and error of State interference, to exaggerate the legislator's influence, and to condemn oneself beforehand to failure.

Is such statement correct? No doubt in the past we meet with no international arrangement fixing the mutual relation of gold and silver, but why? Because there was then no common life between nations, because their relations were relations of rivalry and conflict, not of harmony, or mutual understanding, because the quantity of precious metals in circulation in the world was exceedingly small, because there was then no stability in laws, but monetary legislation, like all other legislation, was subject to the caprices of authority, and there was no year when at one point or another money was not altered in weight, in fineness, and in value. In the single reign of Louis XIV. no less than fifty edicts on money have been counted up in France. Stability was therefore lacking, and with it the first and essential condition of any convention.

Nowadays all has changed. Great intellectual, moral, and social progress, a wonderful development of all the forces of humanity, have from the outset marked the agitated but glorious century in which we live. Communities have become steady and regular, immortal discoveries have transformed the world, business has shown an unexampled development, nations have formed relations more and more stable, more and more peaceful, more and more intimate. All these relations are governed by international arrangements. Commercial treaties, navigation treaties, consular conventions, railway conventions, telegraphic conventions, literary conventions, conventions for the protection of trade marks, for the protection of artistic and industrial property, all various but concordant demonstrations of the necessity felt by the great nations of the two hemispheres that their mutual relations should be consolidated and developed and reduced to certainty by diplomatic stipulations. There is scarcely a day when some one of the Parliaments of Europe has not to deliberate on a diplomatic treaty designed to settle the international relations of nations. Can anyone pretend then to exclude, from this sphere of diplomatic concert, money, the basis and guarantee of all these relations.

Money, however, has already become matter of international transactions, for in every country its legislation, formerly uncertain, has been completed and settled. The ratio of 1 to 15½ between the two metals has imposed itself by practice, by the force of things; it became the rule in France from the end of the last century, and the rule in international relations by virtue, not of a treaty, but of steady usage and of *de facto* agreement.

Such was the situation till recently. The general observance of the rule of 15½ had guaranteed to the Continent long years of monetary security. All know to what extent this favourable state of things has been changed. Under the influences of causes which have already been sufficiently indicated, the equilibrium has been disturbed and broken, the former stability has given place to a profound derangement, to a malady which nobody denies, and which calls for an immediate remedy. That remedy, if it exists, should, by the confession of all, have an international character, like the very evil it is designed to mitigate or cure. The question, therefore, is to negotiate a treaty. Can it be concluded? What will it be? Nobody yet knows, but what seems beyond doubt is, that it is useful, necessary, and urgent to try and frame it; and that in endeavouring to lay down its bases the Conference is acting within its competency, within its right, almost within its duty. This it is enough at present to establish and place beyond discussion, subject to considering at the proper moment whether it is true, as affirmed by Mr. Pirmez, that the monetary system adopted by the Powers would not succeed in getting accepted by commerce and the public.

Having determined the right of the Conference, there is another point it is well to consider, the interest which commerce may have in the solution of the monetary problem in one direction or another. If the history of the last fifty years be examined from this point of view, if we try to understand the causes and effects of the various economic crises which have marked this half century, we arrive at singularly significant conclusions. We find that institutions of credit have had a much less severe ordeal in bi-metallic countries than in monometallic countries, and we thus see demonstrated by facts with overwhelming evidence the superiority of the double to the single standard.

In 1837, 1838, 1839, a violent crisis raged in America. The Federal Treasury withdrew its deposits from the United States Bank, and to restore the metallic currency it flooded the English market with American paper. The situation at London became extremely difficult, and the Bank of England's metallic reserve fell from 200,000,000 to 75,000,000

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frances. This first example proves what an influence a country's monetary legislation may exert on the intensity of crises, and to what shocks monometallic markets like that of London are exposed. In 1837 the Bank of England was even forced to apply to the Bank of France, which lent it 50,000,000 of francs in securities, and which, thanks to the French bimetallic system, scarcely felt the effect of the catastrophes occurring at New York and London.

In 1847 the wheat crisis common to both countries breaks out. In England the Act of 1844 is suspended, bills are limited to thirty days, numerous failures shake the market, and the rate of discount rises to eight per cent. In France the crisis is speedily mitigated by the sale to Russia of national *rentes* to the amount of 50,000,000 of francs, and the rate of discount is kept at five per cent.

In 1857 a fresh monetary panic, the effect of American crises, breaks out in France as in England, and this time too it is much less intense on this side the Channel than on the other. The Bank of France is forced to raise its discount to 10 per cent., but only for a fortnight, whereas the Bank of England, all its gold having been, as it were, drained by the United States, finds itself compelled to keep up its rate of discount for six weeks at the high rate of 10 per cent.

In October 1860 the Bank of England is no longer in want of gold but silver, it asks the Bank of France for it, and the latter, thanks to French bimetalism, is able to send to London 52,000,000 of fine silver for a like sum in gold.

In 1861 Russia, in her turn, endeavours to procure silver for coining fractional money; she too applies to the Bank of France, and the bank, rich in both metals, by virtue of the French monetary system, is able to furnish the Russian Treasury with 31,000,000 of fine silver for an equal sum in gold imperials.

In 1864 the cotton crisis is common to France and England, and occasions on both sides a rise in the rate of discount, but this dearth of money is much more marked in England than in France.

In 1866, owing to the excessive and imprudent development of limited liability companies, a fresh monetary crisis arises, and this time more intense. The Bank of England, suffering from the withdrawal of bullion, and the exhaustion of its reserve of notes, again obtains the suspension of the Act of 1844, and its rate of discount varies between January and July from six to eight and ten per cent. During the same year the average rate of discount at the Bank of France does not exceed four-and-a-half per cent.

Thus in all these crises, occurring in such various periods, and in such different circumstances, we find the Bank of France less severely tried than the Bank of England. In forty-five years, from 1837 to 1881, the former alters its rate of discount only a hundred times, the latter makes it undergo two hundred and ninety-two changes. It may safely be affirmed that the French monetary system is not unconnected with this result. The faculty possessed by France of resorting alternately or simultaneously to the two metals enabled her not only to employ one or the other according to circumstances, and to ward off the effects of their successive scarcity, but also to come to the aid, not without profit to herself, of those of her neighbours who happened to lack either gold or silver. The Bank of France was able, like a vast reservoir of coin, to satisfy the applications made to it on different sides, and this situation, equally profitable to all, was maintained without alteration as long as the mintage of silver remained free.

Since the suspension of coinage, since silver has been discredited before the law in several foreign countries, the state of things has altogether changed, and France sees herself menaced in her essential wealth, her metallic wealth, by the working of that balance of trade whose power Mr. Pirmez vainly seeks to question. If customs statistics are consulted we find that from 1876 to 1880 the general commerce of France showed 21,335,000,000 francs of imports, and only 16,821,000,000 of exports. The excess of imports is, therefore, 4,514,000,000. What has been the effect of this on the movement of the precious metals and on the stock at the Bank of France? Here it is in two words. In 1876 France imported 598 millions of francs in gold; in 1880 she imported only 194 million of francs. In 1876 she exported only 94 millions of francs; in 1880 she exported 413 millions. The composition of the reserve of the Bank of France has altered in the same proportions. It was composed in 1876 of 1,539 millions of francs in gold and 640 millions in silver; in 1880 it comprises 564 millions in gold and 1,222 millions in silver. It thus lost in these five years 975 millions of gold, and gained 582 millions of silver. Nor is this, as Mr. Pirmez thinks, the result of a simple phenomenon of one metal taking the place of the other in the internal circulation; it is a question of an actual export, for the record of arrivals of gold in the United States allows us to trace almost steamer by steamer on the other side of the Atlantic the effect of the withdrawals of coin from the Bank of France.

In view of this situation many minds in France are uneasy, and ask, not without anxiety, what will be the result of this Conference. People say that if, contrary to all expectation, an assemblage like this should arrive at no practical result, silver might for a long time, if not for ever, be visited with complete discredit. They ask what, in that case, would be the position of countries under the paper money system; they even fear that if owing to the discredit of silver the civilised world becomes reduced to the exclusive use of gold, it may be threatened in a more or less near future with a dearth of money. With the development of business, with that feverish movement which, with a full head of steam carries along the commercial and the financial world, who would maintain that a single precious metal is sufficient to meet the ever-increasing requirements of the public? Who could

could foresee, with a limited metallic circulation, the consequences of a financial catastrophe, of a dearth, of a deficit in the production of gold? The banks would be forced to raise their discount to defend their reserves, and such a rise in the rate of discount, in the existing state of European markets, and with a single metal, might rapidly assume the proportions of a disaster.

We cannot even count, to ward off this peril, on an increase in the production of gold. That production diminishes rather than increases. It rose in 1850 to about a milliard a year; it is now reduced by one-half, and nothing warrants the supposition that it will revive. In face of this marked falling off in the yellow metal, it would be rash to make the business world, the interests of all, and in a certain degree the fate of mankind depend upon that metal exclusively. Nature has liberally responded to man's requirements; it has given him the two precious metals, with a suggestion as to their use, which cannot be mistaken; it has nearly always offered them to him not singly and separate, but in proximity, and frequently combined. There would not merely be serious imprudence, but even a kind of ingratitude, in rejecting one of these gifts of nature and of providence. Sooner or later the return to the simultaneous use of both metals, in short, the rehabilitation of silver, will impose itself as an absolute necessity on the Legislature. It is good policy not to await that crisis, but to foresee and to take action in advance of it.

Mr. *Pierson*, Delegate of the Netherlands, asked leave to reply to the objections raised against bimetallism by Mr. Broch and Mr. Pirmez. He was struck, moreover, with the fact that most of those objections turned against those who formulated them, and really became arguments in favour of the simultaneous use of the two metals. Bimetallism, has been denounced, for instance, as contrary to economic science; it has been reproached with resting on the legal establishment of a ratio of value between two metals. But do bimetallists really assert this? No, they know as well as their opponents that law can do nothing against the reality of things, against facts, against economic principles, and they do not mean that the law ought to settle the relations of value between two commodities. They merely maintain that law may exert a certain influence, not on the value itself, but on the causes which determine the relation of value between gold and silver. Now this influence of the law is admitted by the monometallists themselves, by Mr. Pirmez in particular, inasmuch as, wishing to reassure the Conference as to the situation of the countries with a limping standard (*étalon boiteux*), he maintained that the existing ratio between gold pieces and five-franc pieces would be kept up without alteration as long as the law continued to forbid the free mintage of silver. The bimetallic law at 1 to 15½ neither governs nor creates the relations of value between gold and silver; it confines itself to attesting, recognising, and proclaiming the comparative utility of these two metals, which may serve the same purpose in different degrees.

Monometallists, it is true, reply that were this principle sound, bimetallists could just as well fix the mutual relation of the two metals at 1 to 2, or at 1 to 100, as at 1 to 15½, seeing that their system is based on an arbitrary appraisal of the comparative utility of the two metals. Monometallists forget that this comparative value of the two metals is not determined solely by their monetary use, on which the Legislature exerts a considerable influence, but also by their industrial use, which entirely escapes its influence. They overlook, moreover, that the bimetallist legislator in fixing the proportion of 1 to 15½ has, as it were, contented himself with recording existing facts, with legalising the ratio indicated by commerce itself, and that that ratio held its ground without alteration for nearly a century, until the quite recent date when very exceptional circumstances arrived to impair it.

The preference which the public would accord to gold, and which would speedily result in the abandonment of the ratio fixed by law, is also objected against bimetallism. But is this preference of the public for gold as general, as certain, as marked, as is asserted? Certain facts warrant a doubt of it. Thus, in several agricultural districts of the Netherlands the peasants will not take gold, because gold pieces are not convenient either for retail trade or for the payment of small wages. Gold really responds to the requirements of only a very small minority of inhabitants of towns, or of wealthy fundholders. It is too heavy for large payments, and is in that case usefully replaced by notes or cheques. It is on the other hand not divisible with sufficient convenience to serve for the settlement of small transactions, for which silver will always be preferred.

Even supposing the mass of the public have really a preference for gold, is it imagined that that preference would suffice to place the yellow metal at a premium? This result might be obtained with the co-operation of the privileged banks, if the latter accepted the payment of a given sum with a smaller quantity of gold monetary units than of silver monetary units. But these banks, in Europe at least, are placed too directly under the influence of the State for them to think of acting in this way alongside and under the authority of a bimetallist legislator.

Monometallists also recall the so-called Gresham law, according to which, when a country has the double standard system, and when the real ratio of value of the two metals no longer corresponds to the legal ratio, the depreciated metal always drives out the other, but is it imagined that the appreciated metal will indefinitely continue its emigration to countries where its value has increased without there causing a glut which will depreciate it in its turn? Gresham's law is doubtless opposed to the establishment of the bimetallic system in a small group of states, but not to its establishment on a territory embracing the most civilized countries of the world. It will, on the contrary, prevent the real value of the metals from deviating from their legal value.

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The same reasoning also serves as a reply to another objection offered by Mr. Burckhardt-Bischoff. The honourable delegate of Switzerland affirms that bimetallism is contrary to law and equity, for it allows the settlement in silver of a debt contracted in gold; that is to say, that with a depreciated metal one can pay for a metal which is at a premium. It is sufficient to remark that if debtors thus adopted the fashion of paying their debts with depreciated metal, the very depreciation of the latter would disappear by reason of the multiplied demands which would be made on it.

There are no serious inconveniences in adopting bimetallism, but there would be serious perils in carrying out monometallism. It is certain that the best of these two systems, in order to become effective, should be adopted and applied everywhere. Can this be hoped for? Were we certain of it, the results would be most serious. There is, in fact, in European and American circulation a sum of four milliards of silver pieces, the value of which, as metal, is not equal to their legal value; there are, moreover, about two milliards of notes and paper money repayable in gold or in silver. Can it be denied that if these six or seven milliards of silver or paper were converted into gold, there would be the risk of bringing about an immediate and terrible rise in the yellow metal, and consequently an unprecedented crisis?

Mr Broch, Delegate of Norway, was anxious first of all to discuss the calculations submitted in the course of the previous Session by the delegate of Russia, respecting the quantity of gold coin which would be required by the countries under the paper money system in order to resume specie payments. In that calculation, said Mr. Broch, Mr. de Thoerner estimated at 35 francs per head the amount of money which those States would need for such an operation. Is not such a proportion much too high? In the Scandinavian States the quantity of gold money, including the gold bullion in the bank cellars, is 25 francs per head, and these States, owing to the agricultural character of a large part of their population, are in a somewhat analogous situation to the average population of Italy, of Russia, and even of Austria Hungary. If an average proportion of 25 francs per head were adopted for these three great monarchies instead of that of 35 francs, six milliards of francs in gold would no longer be required in order to return metallic currency with a gold standard; only four milliards would be needed. Thus, Italy, which at the proportion of 25 francs per inhabitant would need 700 millions of francs in gold, is now asking only for a sum of 400 millions, which, as always happens, would undergo a somewhat considerable reduction immediately after the issue of the loan, through the dispatch of money abroad.

It is certain, moreover, that it would be expedient, as Mr. de Thoerner has proposed, to reduce the amount of gold needed in the circulation by not subdividing it too much, as has unfortunately been done, but by superseding the five and ten-franc pieces, and the five and ten gold marks by pieces of the same value in silver. The small gold pieces are very little liked by the public, they soon become worn, and are easily lost. A considerable quantity of them has been manufactured; in France, 211 millions of francs, in five-franc pieces, and 965 millions in 10-franc pieces; in Germany, 35 millions of francs in five-mark pieces, and 556 millions in 10-mark pieces. There must altogether have been coined 250 millions of five-franc, five-mark, and one-dollar pieces, and about two milliards of 10-franc, 10-mark, and 10-shilling pieces. It would seem desirable to withdraw these pieces from circulation, except a certain quantity of 10-franc, 10-mark, and 10-shilling pieces for internal use, which would not have the character of international money. The demonetised pieces might be melted down and converted into 20-franc pieces, while silver could be substituted for gold in the manufacture of pieces not representing more than five or 10 monetary units.

Of all the European States having the paper money system, that which most pre-occupies us, because it is the nearest to resuming specie payments, is Italy. All of us, I am certain, continued Mr. Broch, concur in the sympathetic words uttered at the last Session by our honourable colleague, Count Kuefstein. We all know what were the exigencies which led Italy to give her notes forced currency; it was for the sake of the most sacred duty, the liberation of the country; it was to make Italy a nation, a State, instead of a geographical expression; it was for reasons which are most of all to be respected; but Italy has done more, she had to regenerate quite a large portion of her territory, in which she found almost a *tabula rasa*; she has had to create an administration there almost out of nothing; she imposed on herself the heaviest and most burdensome taxes to meet her engagements; she has happily had very able men who have managed their country's financial affairs, who succeeded three or four years ago in effecting an equilibrium in their budgets, and in shutting up their bank-note printing presses. They have seen the exchange rise nearer and nearer to par; they are now quite near it; the exchange, on London, if I am not mistaken, is about 26½ lire, perhaps even 26 lire. They now require a loan, to which we can only wish success.

We can only be surprised, that having to procure, not Italian fractional money, a sufficient quantity of which she will find at the Bank of France, and which will serve to redeem 300 millions of francs of small notes, but 400 millions of francs in gold for the reimbursement of the large notes, she still clings to the principle of bimetallism, at the risk of thereby shutting herself out of two of the largest markets of the world, those of England and Germany, which will never accept the double standard.

England and Germany have made on this point declarations which leave no room for doubt. If, in fact, there are in those two countries economists, *savants*, men of mark, who pronounce in favour of bimetallism, there is, on the other hand, no statesman

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of any standing who ventures to propose the unlimited mintage of silver. These two powerful empires have definitively adopted gold monometallism. Countries, therefore, which should open the doors of their mints to silver, or should acknowledge the white metal as unlimited legal tender, would thereby debar themselves access to the market of gold standard countries, or would at least doom themselves to entering only on conditions of burdensome inferiority.

The bimetallic States flatter themselves; it is true, with winning over to their system the vast Empire of India, which is now silver monometallist. It is probable, indeed, that this transformation of the Indian monetary system will happen some day, but it is not desirable that it should be realised now, for its infallible result would be to make part of the enormous mass of silver with which India is saturated flow to Europe, and to draw to India a certain quantity of European gold.

In short, universal bimetallicism is not possible, for in Asia, India, and China are silver monometallic, and in Europe two of the chief powers are resolved on remaining gold monometallic. Failing the co-operation of Germany and England, or at least one of them, bimetallicism, said Mr. Cernuschi, at the outset of the labours of the Conference, would be impracticable. What does he understand, then, by *bimétallisme à deux*, whose adoption he now suggests? The United States might put up with that system, because in their capacity of large exporters of merchandise payable by bills on London, they are sure of always keeping large quantities of gold. They could do so also because they would not be exposed to seeing silver flow to them; they are too great producers of silver for Europe to send them that metal, which they furnish, on the contrary, to Europe. The time is approaching, moreover, when the United States, sufficiently provided with coin, will no longer have to ask Europe for it, and when in payment for their consignments of breadstuffs and raw materials to the old continent, they will have to demand in exchange greater and greater quantities of manufactured articles or of European securities; but on either hypothesis they will not be customers of Europe for the sale of its depreciated silver. Since November 1878 the United States banks have mutually engaged not to receive silver coins on current accounts, even those which are legal tender in America.

Bimetallicists, it is true, raise an objection to the exclusive use of the gold standard, which Mr. Denormandie repeated in concluding his speech, and which deserves attention. They express a fear that the quantity of gold which now exists in the world, and that which may be annually extracted, will not be sufficient to meet the requirements of Europe and of the United States, and that the scarcity of money will cause a disastrous fall in prices. Already, say some leaders of the bimetallic school, the gold famine is foreshadowed, and this simple menace has to a large extent contributed to the enormous fall of all prices during the last five years in Europe. A single word is enough to dispel these fears; the present fall of prices is in no way disquieting, it is rather salutary. It is not at all the result of a more or less imminent gold famine, it is simply a reaction, equally legitimate and necessary against the exaggerated rise, which from 1872 to 1876 had, as it were, swept over all commodities. As for that rise in 1872, to a great extent fictitious, everybody remembers what was its cause; it sprang from that unfortunate movement of the milliards, unfortunate especially for the States where it created the illusion of inexhaustible wealth, and when it served as pretext for a sudden and abnormal inflation of prices; less disastrous perhaps, even beneficial in a certain degree for the country which was thus sharply recalled to notions of industry, thrift, and economy, the sure and inexhaustible sources of national wealth. This fever of the milliards has now subsided; as in 1837—1840, the fall which has lately occurred has corrected the exaggerations of the rise preceding it, but this fall has not exceeded the necessary limits, and we have merely come back to the starting point. There is no ground therefore for regarding it as a disastrous consequence of an alleged monetary scarcity, and for threatening Europe with a gold famine.

In my view, said Mr. Broch in conclusion, the necessary solution is that Europe and the United States should accept the single gold standard; that silver should be reduced to the requirements of the internal trade of the various countries as fractional money. The art of statesmen is to comprehend and be led by the great social movements of our time and race. I spoke of this in my first address, and I say no more upon it. It is the duty of statesmen to foresee the reforms necessitated by these great movements, to introduce those necessary reforms with a firm and dexterous hand. Hitherto, since Europe formed her existing civilisation, since the fall of the old world as it was called, it was France who from the first, from the earliest centuries of the middle ages, always marched at the head of the social movement. This time she has allowed herself to be outstripped by other States. Let her resume her place, let that defective condition, called the "limping" standard, cease. I am, certain, I repeat, that that is the only definite solution of the problem we are here studying. How fortunate are those who in these great movements march in the van; theirs are the facilities, theirs are the advantages! Woe to the laggards, to the last comers; theirs will be all the accumulated difficulties; theirs will be all the losses.

The general discussion of the *questionnaire* was adjourned to Tuesday, the 17th May, at 1.30.

The Session terminated at five o'clock.

SEVENTH SESSION.

Tuesday, 17th May 1881.

Seventh Session.
Mr. Howe.

Mr. *Magnin* presided, and there were present the Delegates of —

Austria-Hungary,	Portugal,
Belgium,	Russia,
Denmark,	Spain,
Germany,	Sweden,
Great Britain, British India, and	Norway,
Canada,	Switzerland,
Greece,	The United States of America,
Italy,	and
The Netherlands,	France,

who attended the previous meeting, with the exception of Mr. Dumas, the Delegate of France, who was detained at home by indisposition, and of Mr. Luzzatti, Delegate of Italy, who had been recalled to Rome by his Government.

The Session was opened at 2 p.m.

The Minutes of the previous Session were read and adopted.

Mr. *Seismit-Doda*, first Delegate of Italy, laid on the table of the Conference a note designed to reply, at least partially, to the request for statistical information made by Mr. Cernuschi at the Fourth Session. (See Appendix, p. 181.)

Mr. *Cernuschi* read a list of special questions addressed by him to the Delegates of Belgium.

It was agreed that this document should be printed and distributed. (See Appendix, p. 204.)

Mr. *Dana Horton* also submitted the list of historical questions addressed to the English delegates, which had been mentioned by him at a previous session. It was decided that this document should likewise be printed and distributed. (See Appendix, p. 205.)

The *Delegate of Norway* proposed to add to the statistical interrogatories framed by Mr. Cernuschi the following request for information:—

“The Governments are solicited to furnish detailed information, going as far back as possible, and, if practicable, giving data year by year, concerning the gold and silver coins offered for exchange at the mints, with the designation of the number of coins, their name and origin.”

It was agreed that this question should be printed and distributed. (See Appendix, Section III.)

The order of the day was the continuation of the general discussion.

Mr. *Howe*, Delegate of the United States, pronounced (in English) the following address:—

Mr. President,

If the idea has obtained anywhere, or with anyone, that the Government of the United States urges upon the nations a bimetallic coinage, in order to provide a market for its silver, I wish to say, with considerable emphasis, the idea is a mistaken one.

Silver is, indeed, produced in the United States, but not by the United States. The mines within her borders have yielded in the nine years from 1871 to 1879 inclusive, something less than 264 million dollars of silver. That is less than an annual yield of 33 millions. But the Government does not work or own those mines. They are as free to the enterprise of a European as to that of an American. It is doubtful if they are a source of national wealth. A few great bonanzas have been discovered, which yield large profits. But gentlemen, well-informed, are of the opinion that, in the aggregate, more money has been invested in her silver mines than has been realised from them. Gentlemen well informed are not of the opinion that the Government of the United States is legislating or negotiating in the interest of those who own the bonanzas. Gentlemen well informed are of opinion that the proprietors of the bonanzas can take care of themselves. Gentlemen well-informed are of opinion that the wheat crop of a single State is worth more than the silver crop of all the States. When the Government wants silver for any purpose, it can always buy silver at the market price. It should not be forgotten that the Government of the United States has contracted debts to the amount of nearly two thousand

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thousand millions. That is nearly equal to 60 years' product of our mines. The debts of the United States are payable in dollars. A dollar is a specific thing, accurately defined by statute. The weight and fineness are strictly limited. It may be made either of gold and or of silver. If made of silver, it must contain 412 $\frac{1}{2}$ grains. If it weighs but 411 grains, it is not a dollar, and so is not deliverable. If, on the contrary, it weighs a pound, it is not a dollar, and so is not deliverable. Should the wisdom of the world combine to depreciate silver to 10 cents an ounce, there is no provision in our statute, and no clause in the contract, requiring the Government to pay in gold dollars. I am not authorised to say the Government would elect to pay in gold dollars. I have indeed been told recently, by authority for which I have very high respect, that if the Government should choose to deliver silver at 412 $\frac{1}{2}$ grains to the dollar, it would be compelled to take silver from all the world at the same rate! That is not so writ in the bond. Should the learned doctors impose that condition upon us, we shall doubtless comply; but it is hardly probable they will impose it!

Our Government, therefore, has no call to bull the market for silver. Nor has that Government any occasion to be envious of the popularity of gold. In the same nine years the mines within her borders yielded 55,000,000 more of gold than of silver.

It is not easy to depreciate one metal without appreciating the other. Could statecraft discover some subtle alchemy which would transmute the silver of the world into dross to-morrow, I leave it to the economist to say how much less, or how much greater, would be the purchasing power of our annual gold product than is the power of both products now. But, whether greater or less, it must be conceded that the Government of the United States has no call to bull or bear the bullion market in either metal.

Other and greater interests concern that Government. Our people are farmers, not miners. They work a cheap and generous soil, under a genial climate. Our cotton crop in 1879 was valued at 242 million dollars. That is more than seven times the annual yield of our silver mines. The wheat crop for the same year was valued at 407 millions, which is more than twelve times an average silver crop. The maize was valued at 580 millions. That is more than eight times the average of a year's product of both metals, and almost eighteen times the average of a year's product of silver. The aggregate value of our agriculture for that year was computed at 2,240,000,000!

Doubtless we are selfish, but not necessarily silly: at least, not unnecessarily silly. Statesmen will be slow to believe the Government of the United States has turned its back upon these enormous interests, in order to storm European sentiment on behalf of that comparatively petty interest embarked in silver mining.

We do not seek a pinched market, pining for our so-called precious metals. We rather wish to find a busy and lusty world, to help consume the really precious fruits of our agriculture. We seek a thrifty world to pay for them.

It is the profound belief of that Government that no such world is possible if its money is to be limited to a single metal.

If, indeed, money had no other office but to measure values, and if the world had contracted no debts, perhaps it would not much matter whether one or both the metals were employed in coinage. Such is not our happy condition. On the contrary, debts have been contracted, public and private. The debts of the principal nations are returned at nearly thirty thousand millions of dollars.

It is of infinite concern that those debts shall be paid. They can only be paid by the sale of commodities. Commodities can be sold only at the market value. When those debts were contracted the value of commodities was measured by a money standard which comprised both metals.

The money of the world is to-day bimetallic. True; but one metal is employed here and only the other there; but the great fact remains that both are employed somewhere.

Silver in India helps to sustain prices in England, while the gold in England performs the same office in India. To enforce the payment of existing indebtedness after either of the metals shall have been abstracted from the standard of value, is an experiment which I ardently hope will not be attempted during my lifetime.

But money performs an office other and higher than that of measuring values. It is the great instrumentality by which commodities are exchanged. For that great office both the metals are inadequate. Ages of experience have proved that. Accordingly, we see to-day in all great commercial countries the coin circulation is supplemented by paper issues. In some, the amount of such issues is limited by the law of convertibility; in others, no such limit can be imposed. I do not now remember one truly commercial country which has not, in the course of a century, been forced upon paper issues, beyond the limit of convertibility.

The demand for circulation grows with the world's increasing trade. We are in no danger of inundation from the precious metals. Enormous lines of railways being unrolled upon both hemispheres, great fleets of steam-driven ships, traversing all our seas, reveal a commerce, gigantic to be sure, but it is young. It is substantially the growth of but little more than two decades. If statesmen of the present time do not strangle the future, this child of 20 years will prove the mother of a commerce which defies calculation and appals prophecy. When we shall find a redundant coinage, it will not be caused by prolific mines, but by stagnant trade. And when trade is crippled production halts. Men will not sweat to produce what they cannot consume nor sell. And it is not to be forgotten that the demonetisation of silver means the retirement of not only nearly half the world's coin circulation, but of more than half of its convertible paper issues. It

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means to double the weight of existing obligations, and to compress the world's activities into half their existing scope. It means to consign the nineteenth century to a pauper's grave, and to lay the heavy hand of paralysis on the cradle of the twentieth.

It is therefore gratifying to remember that every State represented in that Conference which assembled in this city in 1878, joined in the cry, "It is necessary to maintain in the world the monetary functions of silver as well as those of gold." Such was the solemn judgment of that great assembly of notables. Germany was not represented in that Conference, but the sentiments avowed by an honourable delegate here leave no room to doubt she would have concurred in that admonition had she been present. The Conference did not say it was expedient; they declared it necessary to maintain in the world the monetary functions of silver.

There is no need to say that so long as the world maintains the monetary functions of silver as well as gold, the money of the world will be bimetallic, not monometallic. Monometallism, whether as a theory or a practical system, was condemned by the Conference of 1878. It was condemned not only by the final judgment of the tribunal, in the resolution from which I have just quoted, but it was condemned by the timely and precious utterances of some delegates supposed to be most favourable to a gold standard. Thus Mr. Goschen, from England, held this energetic language:—"I merely desired to combat the theory of the economists who demand the universal adoption of the single gold standard, a measure which, in my view, might be the cause of the greatest disaster. I maintain my assertions in this connection absolutely. I believe that it would be a great misfortune if a propaganda against silver should succeed, and I protest against the theory according to which this metal must be excluded from the monetary systems of the world."

On another day the same eminent authority said:—"A campaign against silver would be extremely dangerous, even for countries with a gold standard," and on the same occasion he asked with an energy quite justified by the importance of the question. "If all states should resolve on the adoption of a gold standard, would there be sufficient gold for the purpose without a tremendous crisis?"

In the final report made by the English Delegates to the Lords Commissioners of the Treasury, they commended their own labours in that Conference in these words:—"We trust we may be considered to have made some contributions towards averting what might be a suicidal tendency in several quarters to hasten the disuse of silver as currency."

These eminent gentlemen spoke too timidly of their own merits. They spoke too tenderly of that fatal tendency which they combated. If that tendency was suicidal, why not murderous also? If it would be fatal to the commercial life of Germany or of the United States to hasten the disuse of silver, why not fatal to the commercial life of Great Britain also? "A campaign against silver," said Mr. Goschen, "would be extremely dangerous even for countries with a gold standard." The earnest protests of the British Delegates not only "contributed to arrest" that campaign, they arrested it. The whole armament was disbanded.

I do not forget that Mr. Goschen emphatically declared, it would be impossible for him and his colleagues "to support any declaration in favour of a double standard."

To be sure not. Bimetallism is a name. The British Delegates disowned it. What they stoutly insisted upon was, not a bimetallic standard, but a standard comprising two metals.

England said in 1878 what she had said for more than 50 years:—"We will not maintain the monetary functions of silver in the kingdom; but she said with great emphasis, those functions must be maintained in the world."

This last sentiment was echoed by the whole Conference. Monometallism was condemned by the unanimous verdict of that Conference.

But if it be truly necessary that the monetary functions of silver, as well as those of gold, should be maintained, it seems quite rational to conclude some one must maintain them.

Who shall assume the duty of maintaining silver, and who shall maintain gold?

The favourite method of meeting the necessity seems to be, to divide the two metals among the nations; assigning silver to this and gold to that; to make partition of the standard of value.

We read of a conclave of statesmen who some centuries ago sat down to make partition of Christ's raiment.

However equitably the parcels were distributed, we may be sure the integrity of the suit was destroyed.

And however fairly these two metals may be divided between the nations, it is quite certain the integrity of the standard of value will be destroyed.

I think I might say, without danger of contradiction from any lawyer here, that a common standard of value is not the subject of partition; that the nations hold it, not as tenants in common, but as joint tenants.

I waive that suggestion. We know, the world knows to its cost, that the two metals can be divided, whatever may become of the standard of value.

Very well; let us proceed to the division. Having resolved that the world must have both metals, and that no country ought to attempt to maintain both, let us abandon the attempt to form a bimetallic union, and resolve ourselves into a commission for actual partition. To whom, then, shall we assign silver; to whom, gold? The professors of monetary

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monetary science tell us, there is a scientific principle upon which the partition may be made. Unhappily they do not agree as to that principle. In one school we are taught that gold should be maintained by the rich nations, and silver by the poor. In another we are taught that gold should be assigned to the Western nations, and silver to the Eastern. Either principle in application would lead to awkward results. This Conference would probably have too much regard for economic truth to assign Germany, Holland, Italy, France, and the United States to the category of poor nations, and surely too much regard to geographic truth to assign either to the category of Eastern nations. Either principle, therefore, would require those five States to throw down the silver standard and to take up the gold standard. Any gentleman can calculate for himself what a supply of silver would thereby be thrown upon the market, and what a demand for gold would be made upon it. Under such a movement the question of Mr. Goschen recurs with portentous significance, can the gold be had without a *tremendous crisis*? The Conference of 1878 wisely, as I must think, declined the work of actual partition. It affirmed the necessity for maintaining the monetary functions of silver as well as those of gold, but left the duty of maintaining either to volunteers. Their language was: "The selection for use of one or the other of these two metals, or of both simultaneously, should be governed by the special situation of each State or group of States." That system has been tried, and has signally failed. The volunteers do use silver, but do not maintain its monetary functions. It is the function of money to measure and to determine values. Silver, as employed by the volunteers, does not determine values; on the contrary, it confuses values; it confounds them. It is self-contradictory; it reports one thing on one day and another thing on the day following. Such is the situation, as I understand it, with which we are confronted. Silver must be maintained in the standard of values. Left to the voluntary choice of nations, it is not so maintained. We have no common parliament, empowered to say who must and who need not maintain it. What shall be done?

The Government of the United States steps forward to say frankly and in good faith: We recognise the common necessity affirmed by the Conference of 1878; we are ready to do our full share to meet it; we will stand side by side with other States represented here, in maintaining the monetary functions of both metals; we will concert with you the proper relations between the two; we will open our mints to the coinage of both upon such rates as we shall together deem just, and upon that ratio we will hold each to be the peer of the other in all our trade, domestic and foreign. If any fairer way of meeting this acknowledged necessity exists, I have not heard it, and I cannot conceive it.

And now for a moment let me consider the objections urged against this way. I shall do the cause of the remonstrants no injustice, if I assume that no serious defect is likely to be found in our plan which has not been revealed by the very able delegate from Belgium. I have tried to comprehend his argument as well as I could by the aid of a very diligent and, I hope, faithful translation. What is the argument? First he assures us we have aggravated the nature of the malady to be treated and wholly mistaken its locality. He has been through the hospital with evident care. He divides the patients into three groups: consisting first of the gold-standard States, second of the paper-money States, and third, of the States having really a gold standard, but pieced out with bimetallic rags! The first group, he assures us, are well; never better. The second, though ailing, he argues plausibly, would not be benefited by our prescription of a two-metal standard, because at present they can keep neither metal on their stomachs. The third group he admits to be feeble, even crippled; but if worth treating at all, are not to be benefited by the treatment proposed, but only injured thereby.

Accepting for the moment that report of the condition of the hospital, I respectfully submit, it is not well for the family of States, not even for those favoured members who now lie in the middle of the bed, warm and dewy, under the protecting folds of that blanket which is supposed to be woven from the golden fleece, when so many of their sisters lie uncovered, freezing and stiffening by their side. Sooner or later the death damps must penetrate to the very centre of the couch.

But, sir, has not the honourable delegate himself fatally mistaken not only the nature of the malady, but the location of it? To me it seems a disease not peculiar to this State, or that to this organisation, or the other. It seems to me rather a disease which has fastened upon an interest, or, if you please, an industry common to all States.

What is the disease? It is not that 10 Indian rupees are not equal to an English sovereign. It is not that 15½ ounces of silver, of the French or American standard, will not buy an ounce of gold in the London market. The trade of the world would readily adjust itself to any given ratio between the two metals, if that ratio could be once fixed. The difficulty is, the ratio is not fixed. It is oscillating: it is sensitive: it is influenced not merely by the acts, but by the threats of every State. Look at the facts.

That ratio fluctuated during the year 1878 between 17·14 to 1, and 19 to 1. In 1877 the vibrations were less. In 1876 they were much greater. According to the Director of the United States Mint, the relative value at London in January was 16·10 to 1; and in July following it was 19·48 to 1. Such a vibration must make trade giddy. Other authorities make the oscillation still greater. But we are told, if silver went down, gold went up; and how does that hurt the gold States. Considered merely as owners of coin, that did not hurt them at all. But, in the next six months, the rates flew from 19·48 to 1 to 16·50 to 1! How did the goldowners enjoy that?

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That is, however, a very narrow view to take of the subject. We must not forget that it was the standard by which commodities are valued which underwent such violent oscillations. If quantity is to be measured by a standard which alternately expands and contracts, what matter who holds the standard at any given point of time. The great point is to sell when the measure is smallest, and to buy when it is largest. The standard of value is not applied in the same way as the standard of measure; and so it is true that oscillations in the former do affect him who holds the standard as well as all who buy and sell according to it. We must remember that the States whose representatives deliberate here, conduct an enormous exchange of commodities in the course of a year. The year-book returns their aggregate exports for the year 1878 at 771,245,699 pounds sterling, and their imports at 929,140,677 pounds. The statement is avowedly but quite partial as to five of the countries. We are, therefore, forced to conclude that our common constituents bought and sold, during the year 1876, commodities to the aggregate value of nearly 2,000,000,000 pounds sterling; valued by a standard composed of two metals, one of which fell during the first six months of the year from 16·10 to 19·48 to 1 and during the last six months swung nearly the whole way back again.

Only he, who knows that the merchants of his country always bought when the standard of value was shortest, and always sold when it was longest, can say with confidence, that his countrymen were always happy; and the man who knows that, is *not* a delegate here.

I protest I have no wish to propagate hypochondria in this assembly, and yet I cannot quite accept the clean bill of health given by the honourable delegate from Belgium to the so-called gold standard States.

I think it safer to conclude with Mr. Goschen, that whatever policy depreciates silver does menace the gold States. I cannot avoid the conclusion that whenever you tamper with the standard of value, you do menace every State and every human being who uses it.

I, therefore, recommend bimetallism, not as specially needed by one State or another, but as essential to the integrity of that standard by which you determine the value of every commodity which the world buys or sells.

Still we are cautioned against the prescription. We are told, bimetallism will knock away the bulkheads which now confine silver to a part of the world, and will inundate the whole world; that upon States which now have too much silver, it will pour more, and upon States which have none, it will pour too much.

We are even amused with the conceit that France and the United States are conspiring for a bimetallic union, each chuckling over the idea that it will, by its aid, unload its silver upon the other. We are encouraged to believe that as soon as a common rate has been established for silver in all markets, cargoes of five-franc pieces will leave Havre to be coined into dollars by the United States, and cargoes of dollars will leave New York to be coined into five-franc pieces by France! We are even startled with the idea, that so soon as all the sovereignties represented here have decreed a common par between gold and silver throughout their dominions, Indian rupees will put on their boots and start for Liverpool, while British sovereigns will take wing for Calcutta! I disbelieve all such transmigration. I doubt the practicability of creating a brisk trade between markets remote from each other, by exchanging things which have precisely the same office, and the same value in both!

But why endeavour to fix a par between silver and gold? we are asked. It can only be done by pulling down gold as much as we elevate silver. Precisely. The object is to unite them both in one standard. If you were to sever a muscle of your leg and send for a surgeon to close it, you would hardly expect him to object, that it could only be done by drawing down the upper section as much as the lower was elevated! The point is to have them unite.

The same general idea found expression by the honourable Delegate from Belgium, when he said, in 1878: "You do not facilitate transportation when you lash a fast boat to a slow one; you retard one as much as you accelerate the other."

Beyond all question. But if your freight consists of a single parcel which cannot be loaded on one boat, can you contrive a better expedient than to lash the boats together? A commerce of enormous bulk is embarked upon these two metals. When a seam opens between them fortunes disappear. Is it not better to lash them together?

But we are told they cannot be lashed together; that the laws of trade defy political regulations, and that whatever States may decree, only intrinsic value can give authority to money.

All history refutes this assumption; but let it be conceded: has not utility some authority over intrinsic value? And what beside air and water is more useful than money, with which all debts may be discharged, all injuries redressed, and all things which move in the air or on the earth, or through the waters under the earth, may be bought and sold? When Europe and America shall have combined to confer this universal, incessant, imperious utility alike upon two coins, the broker will as soon think of asking boot when swapping pins, as of earning commissions by the exchange of those coins.

The only argument I find it hard to combat is that with which the honourable Delegate opened his speech. The confidence with which he foretold the defeat of bimetallism was depressing to us who had hoped for a better result. It must fail, he concludes, because Germany, Belgium, Great Britain, and the Scandinavian States will not accept it.

Very

Very well; I conclude, with Lady Macbeth, that if we fail, "we fail." But, in view of recent history, one who ventures upon the domain of prophecy should move with caution. Only 14 years ago a Conference assembled in this city, representing 19 States, including France and the United States, unanimously recommended the universal adoption of a gold standard. Only three years ago another Conference, with equal unanimity, resolved that the monetary functions of both metals *must be* maintained. All we have surely learned since is, that the plan proposed by that Conference for maintaining the functions of both is abortive. It is evident that the next thing to be tried is, in the language of the circus, "something else."

In this connection it is important to remember, that the plan now proposed is, that of a union upon perfectly equal terms. I venture to predict we shall have that or nothing.

I have listened with interest, but wholly without sympathy, to the various suggestions which have been offered for the relief of the silver market. I heard the candid statement made by the honourable Delegate from Germany, in the opening of these deliberations, to the effect that the Empire will proceed with caution in making future sales of her silver, and may possibly be willing to coin a few more discredited millions. I heard the encouraging suggestion of M. Pirmez, that when Italy shall resume specie payments, we who are limping with an excess of silver may shove some five-franc pieces on to her. I listened to the flattering idea of Dr. Broch, that we may be able to stack up more millions in India and the East. I have even heard it whispered, that rather than see us poor cripples actually sink, some of the gold standard States might, in some generous Christmas mood, consent to carry a little more of this leprous silver. It is all very kindly meant, but I respectfully submit it is a mistaken kindness. Let me repeat once more: the United States Government does not seek a better market for a depreciated coin. Its purpose is to reform your standard of value by extirpating from it all depreciated coins. We do not wish to load any of our sister States: we wish rather to unload them all. We invite you to a union which will eradicate depreciated coin from our monetary system. If you cannot accept our invitation do not seduce us into a union to perpetuate the reign of such coin.

Mr. President,—The people who sent us here have sought a stable standard of value with great diligence. To them it is of the first importance. They are farmers, not traders. Seventy-six per cent. of their annual earnings are from the soil. They have but one seed time and one harvest. If it be important to the British merchant that the standard of value should not change while his cargo is going from Liverpool to Brazil, much more is it important to the farmers of the United States, who in the spring time invest a thousand millions in one venture, that the standard of value does not decline before they have gathered and marketed their harvest.

Sir,—I fear Europe does not remember through what sacrifices our people have sought stability for that standard which measures the cost of every planting, and the value of every crop. Let me remind you. Less than 20 years ago our people were doing business with a paper circulation, depreciated until three dollars would but little more than purchase one of coin. You remember to what a dizzy height prices mounted. Enormous taxes were levied upon the people annually. Our interest account rose to more than 143 million dollars a year. Our pension list is more than 40 millions. Since the war closed in 1865 our annual taxes have defrayed our annual expenditures, and have, besides, paid off more than 800 million dollars of the national debt, and during all that time prices have been subjected to that remorseless compression which results from steady contraction of the circulation.

No man has bought who did not know he would sell to a shrunken market. No man has planted who did not know that the standard which measured the cost of his seed and his labour would by no means be accepted to measure the value of his crop. We have trod the wine-press. We hoped we had achieved the victory. Neither Treasury nor bank has a note on the market, which will not command coin on presentation.

Still we have not found the stable standard which we sought. It no longer oscillates from the presence of a depreciated paper but from the presence of a depreciated coin.

If, as is so confidently predicted, we are to leave this Conference crowned with defeat, it is not for me to say what course our people will take, for I do not know. It is hardly probable, a people who have endured so long will faint so near the end. They have fondly hoped, with the aid of their sister States, to forge a single standard from a double coinage. If that aid is denied, they may possibly persist in the effort alone to hold the two metals in equipoise, while half the States are jumping on one and half on the other. But that is very difficult; and if you persuade them at last that they must surrender one metal, and that the only blanket which can give warmth is the golden one, they may conclude to throw away all bimetallic rags and seek for a part of that blanket.

I know quite well, that the only condition upon which we can hope to share that blanket is, that we sell to the world more than we buy from it; and I know, as Mr. Pirmez has reminded us, how delusive these reported balances of trade may be. But our people produce food, and food is a prime necessity to all industry. We shall, therefore, hope to continue to trade with the world upon *some* terms; and, besides, when I learn that during the last fiscal year the deposits of gold at the mints and assay offices of the United States included not only thirty-five millions of domestic production, but 62,550,837 dollars of foreign coin and bullion, I am persuaded that, what we call the balance of trade, is something better than a delusion.

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The First Delegate of the Netherlands spoke as follows:

M. Vrolik.

Mr. President and Delegates,

It is not without a certain hesitation that I rise to speak. One of the illustrious *savants* of France, whom I have had the honour for a number of years of knowing personally, and whose words are always listened to with respect, even by those who do not share his opinion, Mr. de Parieu, said, recently, in the Senate, "When the Minister (the honourable President of our Conference) in recording with optimism the list of conversions to the double standard which he hopes for, includes the honourable Mr. Frère Orban, I can reply that I think that eminent financier too enlightened to be placed on that list, and as for myself I beg him not to include me." Well, gentlemen, notwithstanding this far from flattering judgment expressed by Mr. de Parieu on the conversions to bimetallism, I do not hesitate to avow that I am among the number of the converts. Not wishing to abuse your valuable time, I will give you as succinct an account as possible of the phases through which the monetary system has passed in our country and of the process through which we at last arrived at bimetallism.

For more than 40 years I have been interested in the monetary question; allow me, therefore, rapidly to go through the phases which we have traversed.

When the United Provinces of the Netherlands and Belgium were united under a single sceptre, both countries had an immense variety of coins, for formerly nearly every province claimed a right of coining money. A monetary law was passed in 1816 under King William the First. Its object was to arrive at a currency having the old florin, called the florin of 200 *as*, as the unit. But, at the same time, a gold piece of 10 florins was allowed. The florin contained 9.613 grammes of silver. The 10-florin piece contained 6.056 grammes of gold. The ratio was 1 to 15.873. It is to be regretted that it was then decided to take another ratio than that of 15½, which existed in France. Moreover, to respond to the desire of the inhabitants of Belgium, the franc was accepted in the public treasuries, but at too high a rate. It was accepted at 47½ cents, whereas it was only worth 46.8 cents. The result, as our honourable colleague, Mr. Pirmez, has remarked, was, that the new 3-florin pieces on leaving the Brussels Mint went to the Lille Mint to come back in the shape of 5-franc pieces.

The law was languidly carried out; for gold pieces were principally coined, and in proportion as gold was coined, it became more and more difficult to coin silver. Then came the political events of 1830, the separation of Belgium from Holland, war expenditure and financial difficulties. Not till 1844 was the re-coining of the old money seriously undertaken and vigorously carried out.

The monetary law had already been altered in 1839. Side by side with the worn silver coins there were 5 or 10-florin gold pieces which had been coined to the amount of 172½ millions of florins. The worn and clipped silver coins not being available for international transactions, gold formed the basis of exchange. This was regulated not by the florin, but by a tenth of the 10-florin gold piece. All difficulties, it was thought, could be obviated by adopting a florin of exactly 10 grammes weight corresponding to the decimal metric system we had already long adopted, and .945 fine. As long as the gold coins remained in circulation, and they were of great use while the re-coining was going on, there was thus a bimetallism with the ratio of 1 to 15.504. From 1842 to 1849 more than 85½ millions of florins in nominal value were called in, and were re-coined in new silver pieces. This operation cost the State eight millions of florins, more than seven millions being a loss on the nominal value of the old coins, worn, and to a large extent, shamefully clipped by ignoble hirelings.

Before actively commencing the re-coining of our old money the question had been maturely considered whether the gold standard should be adopted, or the silver standard, while retaining gold till the end of the re-coining in order to facilitate that important operation. Silver was resolved on. For more than a century and a half the florin had been the unit of all transactions. Objection was felt to a unit which could not be paid except in small change. I have always thought there was something very unreal in the gold standard for States whose monetary unit cannot be paid in gold. Only in England can the unit be paid in gold. In other States a gold piece weighing 0.673 grammes (florin) can no more than a piece of 0.3225 gr. (franc) or 0.398 gr. (mark) be manufactured on a large scale or serve as currency. Every citizen would need to be provided with a magnifying glass to examine it and very delicate hands to handle it. On this point it is unquestionable that, with the exception of England, the gold standard is, to a certain extent, unreal, I may almost say unnatural, a fact which has not, perhaps, been sufficiently considered.

To revert to our re-coining, I repeat that our decision was in favour of silver, because it best corresponded to the extent of our wealth and to our average requirements; to which, for example, is to be attributed the fact which my honourable colleague has mentioned, namely, that our farming population object to gold because they cannot use it in paying their labourers. Silver was deemed to correspond best to our manners and customs, and with the terms of all contracts, and it would not expose our currency to the dangers which every prudent ruler must admit to be more particularly attached to gold.

The management of our greatest institution of credit, the Netherlands Bank, also declared against gold, first, on account of the necessity of joining to it silver money of an intrinsic value below its nominal value, and the necessary quantity of which might far exceed the estimates made beforehand; and secondly, because gold, on account of its greater

greater variability of value (this was said in 1845), and of its easy transfer from place to place, must necessarily give rise to more frequent oscillations in the rate of stocks.

In proportion as the re-coinage advanced, attention was devoted to the necessity of instituting the single standard. By the law of the 26th September 1847, the system of the single silver standard was adopted. I dwell on this date because it will be seen that our monetary legislation preceded the discovery of the gold deposits in California and Australia. I am anxious to show that it was not a fear of the depreciation of gold, or, as Mr. Léon Faucher expressed it, the "insurrection of fear," which served as our motive. It was the pure and simple result of what experience had taught us. The single silver standard having been legally proclaimed, it remained to give all inhabitants of the kingdom an opportunity of getting rid of their gold.

That opportunity was given them in June 1850. A total of 50 millions, not reaching one-third of the gold pieces which had been coined, was offered by the public. It was sold in 1850 and 1851 by the Government, which thereby lost rather more than a million. Altogether the Netherlands did not hesitate to sacrifice more than 10 millions of florins, in order to withdraw all the old silver money, replace it by new, and by the demonetisation of gold, to attain the silver standard. Before leaving this subject, allow me to tell you that the above-mentioned law of September 1847 admitted trade coins in gold by the side of the legal silver coins and fractional money. Besides the ducats which are still in demand from time to time, there were *guillaumes d'or*, with double and half *guillaumes*. These pieces were inscribed only with the weight and fineness. Now this system may be said to have completely failed. Thus, though the gold *guillaume* was coined of the same weight and fineness as the old 10-florin piece, which was much in request, people would not have it. The uncertainty of its value made the piece unpopular. During the years 1851 and 1853, only 10,000 *guillaumes*, 10,000 half *guillaumes*, and 2,636 double *guillaumes*, were coined, and since 1853 not a single one has been coined. I thought it was not unprofitable to direct your attention to this point. From time to time this idea of bullion-money finds champions. Put in practice with us, nobody would have it, and the case would probably be the same everywhere else.

Let us revert to the monetary system of the Netherlands, in the organisation of which I took a very active part under Baron Vail Hall's ministry, and that of his successor. You will easily understand that we silver uni-metallists felt quite comfortable when, the demonetisation of gold being completed, the Californian and Australian discoveries gave rise to great apprehensions, and created fears of a probable fall in the value of gold. As to our currency, we felt ourselves well off in the best of all possible situations.

The price of silver remained stationary for large transactions until 1872. Only in small transactions did it exhibit from time to time some slight fluctuations.

With us gold and silver are always sold by reckoning the price of the pure metal, not the price of metal of a certain fineness.

As I have had the honour of telling you our legal coins are .945 fine, so that with a kilogramme of fine silver, 105 florins 82 cents. can be manufactured in florins or half florins.

Well, gentlemen, from the time of the law of 1847 down to 1872, that is to say, during 25 years, everybody was invariably able to sell his silver to the Netherlands Bank at the price of 104 florins 65 cents. That institution invariably, therefore, retained 1 florin 17 cents. for cost of coinage, transportation, interest, &c. Bear in mind, too, the price of silver at Amsterdam did not change, and was in no way affected by the production of the mines which underwent such considerable oscillations in various years between 1850 and 1871, varying from 742,000 to 1,152,800, or nearly 70 per cent. If this experience is considered, can it be denied that law has a preponderating influence over the price of metals, and that production and demand do not alone govern it.

The agreeable repose which Holland enjoyed was seriously disturbed when Germany changed her monetary system, and adopted gold as her sole standard.

A Commission was appointed (of which I had the honour of being a member) to advise what was to be done in these circumstances. It proposed to prohibit the free mintage of silver, and this was done by the law of the 21st May 1873. As long as there was still a hope of Germany keeping to bi-metallism, the commission merely proposed to coin a gold piece side by side with the silver money. When Germany adopted the single gold standard the Commission proposed to do the same, but this idea did not prevail in the States General, so that we have now a gold piece with free mintage, side by side with silver pieces, whose mintage is still prohibited, but gold pieces and silver pieces are unlimited legal tender. We have, therefore, what it has been agreed to call the "limping" system (*système boiteux*).

Is it desirable to adhere to it? Nobody thinks so. If we ever arrive at an identic coinage, which shall circulate in a considerable group of States, it will be the 25-franc piece which will be especially aimed at. Our 10-florin piece contains 6.045 grains of fine gold. If the 25-franc piece is ever coined, a 12-florin piece may be coined by us, containing exactly the same quantity of fine gold as the 25-franc piece.

you see, then, that the Netherlands like to share in all measures which, without injuring their own nationality, may serve to bring together the various nations.

Allow me to tell you that when the coinage of the new gold piece began, and more than 74 millions of florins have already been manufactured, the price of gold acquired nearly the same stability as that of silver during the preceding period.

The conclusion to be drawn from these two facts is obvious enough.

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This, gentlemen, is therefore the way by which, after having been more than a quarter of a century an avowed partisan of unimetalism, I have arrived, by the force of circumstances, at declaring myself a bimetalist, but on the express condition of this system being adopted and put in operation by a considerable group of States. Everybody is agreed that the depreciation and the oscillation in value of silver are a great misfortune for commerce, industry, and the welfare of all nations.

But there is no agreement as to the means of remedying this evil. Bimetalists offer a remedy, a remedy in my opinion effective, and at the present time, the only practicable one.

Unimetalists offer no remedy for overcoming, or even for mitigating the existing evil, the fall of silver. Of all the ardent champions of gold, I have not heard one tell us what must be done with all this silver which will become useless. Is the thing so immaterial? I do not think so.

I render homage to the German Government, which, without abandoning the gold standard, is willing to take certain engagements which, perhaps, would serve to arrest the fall in the price of silver. It is a step which unimetalism makes towards us, and the importance of which must not be disregarded.

Gentlemen, there are many high sounding phrases which people like to repeat, and which eventually everybody repeats, without considering whether they are true or not.

Among these phrases I reckon this, that gold should be the standard of the most civilised nations, and silver that of the more or less barbarous nations. Others have said that gold was for Western nations, silver for Eastern ones. People have even gone the length of saying that nations with paper money could only resume specie payments in gold, lest they should be twitted with belonging to the less civilised nations. I regard this doctrine as thoroughly fallacious.

Gold serves for paying large sums, it serves for international transactions; silver serves for small payments. I consider it very natural that all those for whom gold is not a chimera prefer filling their purses with gold pieces and not with 5-franc pieces. I even confess that I share their preference.

But I beg them to visit the markets, bakers' shops, and wine shops, to see whether silver does not hold a very large place in all the daily transactions of at least nineteen-twentieths of the population.

Is it prudent to have only fractional money for all these payments? And is it not better, alongside gold for large outlays, to have legal silver pieces for the small ones, than to have only token money for all payments which cannot be made in gold?

If after long deliberations and listening to speeches whose eloquence has justly excited our admiration, this Conference led to nothing, as many economists of repute have been pleased to predict, what would be the result for silver? Clearly its value would be still further depreciated, and all the present sufferings deplorably aggravated.

I have sometimes feared that our American colleagues, returning home under the impression that Europe will do nothing to rehabilitate silver, would advise their Government to adopt the gold standard. Would Prince Bismarck's famous blanket thus become larger, or would the efforts to get covered by it increase in a not very agreeable way for those who are now asleep under that blanket?

But on this point I am fully re-assured by the important speech of Mr. Howe, which we have just heard.

To sum up. In my opinion the replies to our *Questionnaire* cannot be doubtful.

The diminution in the value of silver and its great oscillations are a misfortune for all the world. These phenomena cannot be attributed to the increased production of silver; they are the results, predicted as early as 1873 by our monetary Commission, of the various legislative measures which have followed each other since 1872.

According to my profound conviction there is but a single remedy. It is the adoption of bimetalism by a considerable group of States. That is the conviction which has converted me to bimetalism. I have come here, gentlemen, with the optimistic hope that this Conference would lead to a result conformable with the object proposed by the States which invited us to take part in it. If when we resume our labours after our adjournment, which seems to be desired by many delegates, we attain a result which shall restore to silver the place it has so long occupied in all monetary transactions, I think, gentlemen, we shall have deserved well of commerce, industry, and the welfare of all mankind.

Sir *Louis Mallet*, First Delegate of British India, read the following Address:

Mr. President, and Gentlemen,

I ask leave to add a few observations to the general discussion of the question which is occupying our attention before the close of the sitting, in order to explain to the Conference the position which the Government of India, whose representative I am, occupies with regard to the proposals of the two Governments who have assembled the Conference.

The position which my colleague and myself occupy here is altogether exceptional. The Government of India is not even invited to join the Bi-metallic Union which has been proposed. On the contrary, if I am correctly informed, all that is expected of us, so long as England stands aloof, which from the commencement of the negotiations was well known

known to everybody, is to make no change in the existing monetary system of the Indian Empire.

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We are authorised to respond to this desire to the following extent; that is to say, that during a certain definite period, the duration of which will be settled by further negotiation, the Indian Government will engage to maintain its existing system of the free coinage of silver having full legal tender faculty throughout the Indian possessions of Her Majesty.

But I must add, that we can only bind ourselves in so absolute a manner on condition that a certain number of the principal States of the world engage on their part to maintain within their territories during the same period the free coinage of silver, with full legal tender faculty, in the proportion of $15\frac{1}{2}$ parts of silver to one of gold; and our engagement would only remain in force during the maintenance of this state of things.

Our position is also exceptional from another point of view. No country in the world has done so much, in the years which have just elapsed, to maintain the value of silver, and to prevent its very serious depreciation increasing.

The following amounts of silver money, for example, have been coined in British India in the years—

											£.
1877	-	-	-	-	-	-	-	-	-	-	6,271,000
1878	-	-	-	-	-	-	-	-	-	-	16,180,000
1879	-	-	-	-	-	-	-	-	-	-	7,210,000

and I am told, though I cannot guarantee the accuracy of the figures, that in the year 1880 we have coined nearly 10,000,000 l.

For the depreciation itself, and for the serious consequences which have resulted from it, the Government of India is in no way responsible. It has been, if I may say so, the victim of the policy of others. We are then not only ready to lend our aid to others in their endeavours to maintain the value of silver, but we have, I think, in a certain sense, a right to claim assistance on their part.

In the short space of 15 years three International Conferences on the monetary question have been held in Paris.

The first, as you are aware, gentlemen, came to the almost unanimous conclusion that the basis of any future international concert in monetary matters must be sought in the gold standard, with silver as its occasional companion, when required.

Some important countries having, in consequence of this opinion, taken steps to demonetise silver, the depreciation of this metal ensued; and the injurious result of this state of things have been so generally admitted that the majority of the States who were represented at the last Conference in 1878 declared their opinion that it was necessary to maintain in the world the monetary functions of silver as well as of gold, in the hope, it is to be supposed, that the selection of one or other of the two metals, or their simultaneous employment could be left without inconvenience to the independent judgment of each State or group of States. This was to ordain the "limping" standard!

As far as we can judge at present this solution has not had very great success.

The evil continues. Silver is still seriously depreciated; and those who, like the Governments of France and the United States, see in this depreciation a source of danger for the future, thought it desirable to assemble a third Conference in order to discover a new solution.

But it would appear that even in this Assembly there are those who do not believe in the existence of the evil, who go so far as to deny it. If there is no evil, if there is nothing to remedy, it is certainly idle and useless to discuss the question of what remedy to use. But as representing the Government of India, I cannot concur in such a view.

No, gentlemen, the Government which I represent, believes that there is an evil, an evil very serious at present, and still more serious in the future; and I would ask permission to explain to you in a few words wherein it consists from the Indian point of view.

The Government of India has to pay in London about 15 millions sterling in gold. The greater part of this annual charge is compulsory and permanent. Such is the interest of the Indian debt contracted in gold, and of the loans guaranteed by the railway and canal companies (amounting to about seven millions sterling), the pensions and annuities paid to retired officers of the Government, both civil and military, and to their families (about $2\frac{1}{2}$ millions sterling); that portion of the military expenditure which relates to pay and commissariat, and the greater part of the expenses of the Treasury at home. These expenses are fixed by contract or by honourable engagement, and cannot be reduced at will. Any change therefore in the normal value of the relation between gold and silver must exercise an important influence on the finances of the Indian Empire; if this disturbance was likely to be prolonged for any considerable time; it would be the duty of the Government either to increase its revenue, or to reduce its expenditure, or perhaps to have recourse to both of these expedients at once, in order to restore the financial equilibrium.

We have then, first of all, the loss sustained by the Government, which however is not of the nature which M. Pirmez supposes, but which consists in its remittances of silver to England, in order to liquidate expenditure incurred at home. In the present year

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these remittances will amount to about 17,000,000 *l.*; and the loss actually resulting from the depreciation of the silver is estimated at more than 2,000,000 *l.*, a loss which has been exceeded in previous years.

It may be replied that what the Treasury loses the population gains, and that it could very well support an increase in taxation in order to compensate the Government. But it must be remembered that this line of argument ignores completely the conditions in which the Government of India is placed. A considerable portion of its income cannot be increased,—I refer to the land revenue, because in Bengal it is fixed in perpetuity, and in other provinces for long periods.

Besides, although we may no doubt look forward in the future to some re-arrangement of taxation when the depreciation of the coinage has produced its effect in a general rise of prices, and particularly in that of labour, we must wait a long time for that result, and meanwhile, it would be impossible, without serious political danger, to propose new taxes based on considerations which the mass of the people would not be able to understand.

But it is not only the actual loss which we have to think about; it is the absolute uncertainty which hangs about the future, and which prevents any serious or accurate calculation of the revenue and resources of Government.

Lastly, there is the loss which is sustained by trade. M. Pirmez takes small account of the interests of trade in this question. I am quite unable to share his opinion. During the last few years I have had too many proofs that these interests have been seriously affected and injured, in consequence of the depreciation, to doubt the reality of the losses incurred.

It is no doubt true that when trade has been able to adapt itself to an alteration in the relative value of the standards of the two countries, if this alteration was of a permanent character and took place once for all, the evil would cease. But, gentlemen, this is not the case. The future is as uncertain as the present in the existing state of things; and it is this uncertainty which impedes and prevents trade.

For each commercial operation two calculations are necessary. The price of goods must first be calculated in gold, and then the price of gold in silver; and for the latter there is no basis on which to go. It is just as if one had to buy cotton with gold, in order to be in a position to buy wheat with the cotton. In fact, it is nothing but a kind of primitive barter, worthy only of an early civilisation. In my opinion, then, trade sustains an evil, and a very serious one.

Finally, there is the loss sustained by all those, and particularly the natives, who have hoarded silver as treasure, and have thus lost 20 per cent. of their capital.

Looking at the matter from a more general point of view, I cannot understand how this question can be considered of secondary importance.

Admitting that stability of value is by far the most necessary attribute of money, it cannot, I think, be contested that a bi-metallic standard is less subject to sudden changes in value than a monometallic standard. But, failing absolute stability, which is, after all, impossible in the economic world, it must not be forgotten that there is a great difference between an appreciating standard and a depreciating standard. An appreciating standard means the want of a sufficient basis for the ever-increasing necessities of exchange, and for the general credit; in other words, it is stagnation of business, fall of prices, discouragement of industry and the spirit of enterprise, anxiety, suffering, crisis, a fatal retrogression and decadence in the material prosperity of the people. On the other hand, a depreciating standard means, at any rate, whatever its inconveniences, and, sometimes even its dangers, activity, confidence, incessant search for new fields for capital; in a word, progress and life.

When we consider, gentlemen, the age in which we live, the immense movement, both industrial and intellectual, by which we are carried along, new means of communication by land and sea, electricity, which converts the whole world into a single market, the irresistible tendency among nations towards unity, can we doubt that an international standard sufficient in quantity and stable in character, as the basis of all our transactions, and all the exchanges which multiply day by day under our eyes, is an imperious and capital necessity for the civilisation and the welfare of all the people of the earth?

What is our position, gentlemen? The annual production of the two metals is already barely sufficient. It is, then, obvious that gold alone would be still less sufficient; especially when we remember that there is already a sensible reduction in its annual production.

On the other hand, the need of money, especially if it was invested universally with the legal tender faculty, increases, and will increase still more rapidly.

There are countries which would wish to revert to a metallic currency, or which are already preparing for it—Italy, Austria, and Russia. There are others, like Germany, Spain, and even the United States, which have not got the quantity generally recognised as necessary. There is the increase of population and of transactions, especially in those countries which produce gold; in short, there is material and intellectual progress in all countries. Is it not reasonable to conclude from all this that we should be wise to prepare ourselves for the future in store for us, and to discover, if possible, an international standard, more extended and more durable, for the development of the commerce of the world?

The Government of India, at any rate, is very sensible of the inconveniences and the dangers

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dangers which are caused by the existing monetary condition of the world; and it will appreciate very highly the efforts made by the Governments who have assembled the Conference, if they find themselves in a position to do something to remedy this state of things. At all events, it is an effort which ought to be made in the general interest. We have heard of a national selfishness, which from a certain point of view, may be regarded as a patriotic virtue; but in the question in which we are occupied at this moment, it is incontestable that an enlightened national selfishness is identical with true international interests.

In the name of my Government then, I thank the two Governments who have initiated proposals with such objects in view.

The solution which has been suggested for our consideration is bimetallism. As regards the scientific basis on which this solution is founded, I shall not enter upon an academical discussion, which, indeed, at this period, would be very much out of place; but I may, perhaps, be allowed to express my unqualified dissent, though it is at the same time entirely personal and individual, from the opinion of M. Pirmez, that it is opposed to economic laws. I am disposed to think, on the contrary, that considered as a whole, and with the conditions essential to its success, the bimetallic theory is in entire conformity with those great economic laws which must always control the acts of the legislator and the fate of nations, and will continue to do so more and more; and that the idea which inspires it is one of the most important and fruitful truths of science, worthy of the two enlightened Governments which have submitted it for your consideration.

M. Pirmez says that it is neither within the right nor the power of the legislator to regulate the relative values of gold and silver. But how can such a proposition be maintained? As regards the right, how can it be pretended that we have the right to impose on the population a single metal as money, whether trade prefers another or not; and that we have not the right to give it the chance of using the two metals in fixed proportion, if such a course would be to its interest?

As regards the power, can it be admitted that we can give an arbitrary, or, if you please, a conventional, value to gold or to silver, and yet that there is no power to fix their relation to each other? For it must be remembered that in this case we have to do, not with the law of the cost of production, whatever may be its value, but with the supreme law of supply and demand.

I will add one more word on the theory of bimetallism to the observations of M. Pierson, which I have followed with very great interest. If I am not mistaken he appeared to be of opinion that the place which the precious metals occupy in the industrial arts constituted a slight obstacle to the complete acceptance of this doctrine.

I cannot make this concession to the monometallists. It appears to me, on the contrary, that the demand for gold and silver for industrial purposes does not in any way destroy the equilibrium which we desire to establish between their respective values. If this demand increases in unequal proportions as regards the two metals, the result will be that their relative value will be affected in precisely the same manner as by a production of unequal value in the gold and silver mines, only it will be in an inverse sense; that is to say, supposing that the demand for gold increases, while that for silver diminishes, the value of gold will increase, and the value of silver diminish. Well, this change in the relative value of the two metals will be the same as if the production of gold had diminished, and that of silver had increased; only in the first case the relation between the two would have been changed by an increase in the demand for gold, and a diminution in the demand for silver; whilst in the second case the relation would have been changed by a diminution in the supply of gold, and an increase in the supply of silver. We can then neglect the effect of the employment of the precious metals for industrial purposes.

One word before concluding. Is it true that the abstention of England must seriously impede the progress of the Governments towards bimetallism? It must be remembered that in preserving a system of gold monometallism in England and silver monometallism in India, the English Government makes an important contribution to the bimetallic system; and it appears to me possible that at the commencement of a bimetallic union, the adhesion of England and India might even disturb and impede the maintenance of an equilibrium; for it might happen that India would absorb more gold in proportion to the stock of the world than England would silver.

It appears to me that there is rather a certain inconsistency in the language which is held to us on this point. We are told that during the maintenance by England of its gold monometallic system, it is necessary that India should maintain its silver monometallism, in order to counterbalance the action of England; and having accepted this theory, we are told that the counterbalance would not exist, and that the abstention of the two countries is incompatible with the practical success of a bimetallic agreement between other countries. I trust then that the impossibility of England's joining in such a combination will not be considered as fatal to any attempt to maintain the value of silver; for, gentlemen, we must consider for a moment the serious consequences of failure, if all our efforts result in our not being able to come to any understanding on this occasion. The result will be the *status quo*; good according to M. Pirmez, bad according to me. But, good or bad, can we rely on maintaining the *status quo*?

Is it not probable that the situation will become worse every day. That the countries which are at present entirely disposed to co-operate in the maintenance of silver as

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money, will be obliged to come to a decision, and do their best to establish the gold standard.

As to India, the great wish of the financial authorities in that country has been, if possible, to have a common monetary system with England.

Silver being impossible on account of the English system, they must choose between bimetallism or gold, and although for the present the latter solution would be too difficult, it is certain that if the depreciation of silver continues, and if by reason of the discovery of fresh deposits of gold, or from some other cause, the opportunity should offer itself, we should be only too ready to seize it, and return to the proposals of the Commission which sat at Calcutta in 1868, and to enter, though much against our wish, into the struggle which is about to commence between the nations of the earth for the sole metal which will be left to us as the solid basis of an international currency.

I said, gentlemen, that in my opinion the proposals which have been submitted to you, whatever the practical objections may be to them, of which I entirely appreciate the effect, are worthy of the two great Governments who have assembled us here.

I will add that, in this state of things, it would be scarcely dignified, in my opinion, if they allowed themselves to be too easily discouraged or prematurely diverted from the objects they had in view by these obstacles. It is impossible to admit that when these negotiations were set on foot, these obstacles were not foreseen and recognised. The inevitable abstention of England was known to everybody, and nobody has the right to complain of it now. The difficulties which Germany would find in giving her adhesion were no doubt foreseen; she comes nevertheless and offers us practical concessions of great importance.

I do not think, then, that the divergences of opinion which have made themselves felt at this Conference have been of a nature to alter to any great extent the prospect which was presented in the month of February. As is the case with all great reforms and new ideas, especially when a subject so difficult and complex as that on which we are engaged is in question, time is required to appreciate their bearing, and to allow them to penetrate into people's minds, and secure opinions and interests. In order to get them accepted we must have time, patience, a spirit of conciliation, perseverance, courage, and faith. When I consider the eminent men who have prepared the ground for these discussions in France and the United States, I have some right to believe that these great qualities will not be found wanting.

Mr. Moret y Prendergast said he was sure of being the mouthpiece of the sentiments of the entire Conference in thanking the delegate of India for the important speech he had just delivered. He desired to take that speech in hand, so to speak, in order to draw from it the conclusions and indicate the practical resolutions for which it might serve as the starting point. Sir Louis Mallet had expressly acknowledged the co-existence in the Anglo-Indian Empire of a double monometallism, gold monometallism in Great Britain, silver monometallism in British India. He had moreover testified to the embarrassments, losses, and sufferings caused to commerce and to the Indian Treasury by this grievous state of things.

Listening to this language, was not one naturally led to ask whether there was not some means, for the welfare of England and India, as well as of the whole civilised world, of converting into bimetallism this divergent and injurious double monometallism maintained in opposite senses by two portions of one Empire? The delegate of Spain was convinced of this. He therefore thought it right to call the particular attention of the Conference, and especially of the delegate of England, to the following questions, the affirmative solution of which would tend, in his opinion, materially to facilitate the solution of the Anglo-Indian monetary problem.

For this it would suffice to discover the ratio between the two metals, and to arrange so that with Indian silver gold might be procured in England, and with English gold a fixed quantity of Indian silver.

And if this could not at present be done, there was a practical and easy means by which a solution could be arrived at.

The Bank of England, under Sir Robert Peel's Act, had the power of forming its metallic stock of both metals, admitting silver as one-fourth of the total. The giving this option an obligatory character would enable any holder of silver to obtain Bank of England notes within the limits of one-fourth of that stock. This right would raise the value of silver, and would suffice to change the present monetary situation of India.

It seems that the Conference might discover in the discussion of these two questions the elements of an investigation both interesting and fruitful in practical results.

Mr. Fremantle, Delegate of England, replied, that his Government would not fail to take into very serious consideration the views put forward by the Conference. It would be very glad to be able, without modifying the position which it had taken up, and without renouncing the gold standard system, to find a means of giving its co-operation in the work undertaken by the Conference, namely, the restoration of the value of silver. It deemed it indispensable however for this purpose that the proposals which the Conference might initiate should be submitted in as definite a form as possible.

Mr. *Forssell*, Delegate of Sweden, spoke as follows:

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Mr. President and Gentlemen,

If the balance of the present discussion, of the speeches on principles, and on the means of applying them, of the declarations and reservations on behalf of Governments, be struck in a practical manner—is there anything, I ask you, gentlemen, and, perhaps, after the recent and important professions of bimetallic faith, the question is not devoid of a certain boldness—is there anything which more clearly results than this impression, that the bimetallic system always lacks the support which it needs, in order to pass from resolutions into facts?

No doubt people are not mistaken as to the reality of things. As regards the fate of the universal bimetallic system, neither the present monetary situation of the Latin Union, nor the legitimate interests of the States under the paper-money system form the essential subject of our consideration; only for the fate of the universal system depends as everybody allows only on the spontaneous accession of England and Germany. But as sentiment and international courtesy stand for nothing in this matter, it is vain to say, and to repeat, that the Bank of France has in a few years lost 900 millions of francs in gold, and increased by 700 millions of francs its stock of silver; that it will lose still more of what it wants to keep, and receive still more of what embarrasses it. It is vain to prove that the Bank of Holland is suffering from an intolerable excess of silver. It is vain to declare that the supreme urgency of an economic and financial reform in Italy will force the whole world to reverse its monetary blunders. Neither one nor the other will “convert” Germany and England to the bimetallic system, unless there is in the economic and monetary situation of those two States themselves a motive power, so to speak, strong enough to triumph over the natural force of their monometallist inertia. This has been perceived something has been searched for, and by dint of searching something has been discovered: it is in the following manner that this discovery presented itself the other day, and presents itself to-day, before the Conference.

Germany is overburdened with the stock of silver at the National Bank to an amount not precisely known, but large enough to embarrass her, and likewise with a stock of silver coin still current always unsaleable, or saleable only with risk of loss. A great stir has been made about it in scientific literature, in the daily press, and in the German Parliament, and bimetalism has been called for; the monometallist reform of 1871 has been condemned. Nevertheless, here is the Imperial German Government, which, while confessing the real embarrassment of the monetary situation, while praising the efforts of the States favourable to bimetalism to rehabilitate the value of German silver, and while clearly stating its intentions of facilitating and rewarding those efforts, still remains faithful to gold monometallism. As to the free mintage of silver, as for the coined silver being an unlimited legal tender, no concession, not even a ray of hope on the German horizon.

As for England, stress has been laid on the paramount importance of Anglo-Oriental commercial relations, seriously hampered by the abolition of the free mintage of silver in Europe; as also on Indo-English financial relations, whose derangement through the fall in the value of silver is laid to the account of monometallic Germany. Without either denying or affirming the importance of these financial and commercial interests, one is tempted to suggest that the danger can scarcely be vital, seeing that the English Government, always so attentive to the interests of its country's commerce, still confines itself to absolute inaction in this matter. Mr. Cernuschi's opinion is that this reserve will be converted into precipitation as soon as the Irish question permits the English Government to make itself acquainted with the ruin threatening it, and with the prosperity offered it. Now, we have in the declaration of the delegate of the Indian Government an accurate expression of the judgments and intentions of the English Government. That declaration is the exact image of the German declaration. To facilitate the bimetalism of others, there is a pledge to keep silver monometallism for India, but as to an English bimetalism, no concession. For my own part, I venture to assert, like certain of my colleagues, that whatever may be done in England to enforce Oriental interests, there will never be the agreement of an English Ministry and Parliament to the entry of Great Britain into the Bimetallic Union, to the free coinage of both metals, to the two moneys being legal tender.

In maintaining this doctrine, I do not rely mainly on the strictly conservative genius of the English in monetary matters, nor do I allege the reason always redolent of theory that a simple measure of value will never be abandoned for a double or compound measure. I content myself with considering and enforcing the importance, the risk, the ulterior consequences, of this bimetallic convention proposed to the English nation, so jealous of its sovereignty and independence. To judge of the chances of this universal bimetallic system, it is necessary to scrutinise the details, and as we are always shown the bright side of this universal agreement, I turn the medal to show the other side.

The free mintage of silver, free payment in minted silver, is demanded in the high sounding name of liberty. But liberty for whom, and on what condition? Liberty for the producers and dealers in silver, and on condition of a corresponding obligation on the part of governments and creditors, on condition, especially of a necessity, imposed on the monetary circulation, or on the metallic stocks of the countries included in the Bimetallic Union.

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I said necessity; but see how that necessity is imposed, and how at times it is distributed. It is the opinion, even of the boldest bimetallist, that the obligations corresponding to the beneficent liberty of the free mintage of both metals would henceforth be unbearable without the co-operation of all, or of most, of the first class States, that the rash State which should undertake alone the necessary efforts for rehabilitating and sustaining the value of silver would be crushed under the weight of the bimetallic system, which would at once fall to pieces, that it would be suffocated by the silver flowing in from the whole world. Now, the bimetallic treaty once concluded between the principal States, standing back to back to bear the burden, what guarantee can be offered us that the practice would always, or ever, be in conformity with the stipulations of the treaty? What guarantee—to cite, among others, the most conclusive case, and one which has been too little considered—what guarantee against the sudden and forced adoption by two, three, four of these States of the paper-money system? What guarantee against a recurrence of those political crises which this monetary cataclysm has already made them all successively undergo? Now the paper-money system drives away the coined metal, silver first of all; the coined silver which will go to the States or State still remaining under the metallic system, and where it is still a full legal tender, will drive the gold out of circulation, or at least out of the bank reserves (if you want a proof, look at the stock of the Bank of France, quite full of Italian crowns); the equilibrium of the system established by treaty will be destroyed, and the country which, still bound by the treaty, retains its metallic system will be the victim of the system, as much as if it had alone undertaken this impossible obligation. Yes, the universal Bimetallic Treaty is impossible, because it demands engagements which at any moment might lead to the detriment and ruin of the contractors.

The brilliant series of international treaties on the postal service, telegraphs, extradition, patents, railways, &c., has been invoked in its favour, and no doubt it has this in common with them, that it would unite the nations; but show me one of them which imposes and distributes obligations in this way? It is true there is one, the Bimetallic Latin Convention of 1865; but you know that its main defect has been confessed, that practical bimetallism has been driven out by the treaty of 1876, and that it is forbidden for the future, except in case the very principle, which was near destroying the Latin Union, shall obtain acceptance by an universal union. What chances then are there of harmonising interests so incongruous as those of the metal-producing States and the non-producing States, States with colonies, and States without colonies, gold currency States, and silver or paper currency States? What chances of getting accepted this system of mutual dependence, of constant cavilling, of inevitable risks, by a State whose monetary system imposes itself on a whole world, and which by its single gold standard always governs the trade in metals?

If it be not an impossibility, it is at least in the highest degree an improbability. Only draw a comparison between these vital engagements and these secondary interests which are appealed to. Even when these inconveniences are looked at from the broadest standpoint, when it is said, as Mr. Seyd says, "the trade between a gold standard country and silver standard colonies will be quite as unfavourable as the trade with paper-money countries," is it not enough to answer: "But has England's traffic with Italy and Russia been disastrous to England? Seeing that it flourishes, seeing that it always makes progress, the loss cannot be on the side of the English merchants; and has the double gold and paper standard been ever demanded in favour of that trade? Why then a similar demand in favour of the trade with silver standard countries?"

It is just the same with the Indo-English financial losses, they are reckoned at two millions sterling a year, yet that is a *figure*, a definite sum, the amount of which will probably decline. Is an exact amount of loss ever bartered for an indefinite amount of risk? Are the independence and monetary supremacy of a country sold for two millions sterling? Never.

If this be the case, or, as I hold, inasmuch as this is the case, the present monetary question, so long as special and secondary interests are regarded, and so long as the plan of universal bimetallism is obstinately clung to, will lead to nothing, it will fail in face of the disproportion between the comparatively slight ailments complained of, and the perfectly enormous remedy proposed, and however skilfully those ailments are added up, the amount will never be enough to justify the remedy. If the Monetary Conference of 1881 had no duty to fulfil beyond the attestation and conciliation of the interests I have just indicated, that duty might be considered as performed, for the weakness and real insufficiency of these interests are a well attested fact.

But do the very terms of the summoning of a universal Conference allow it to remain within the confined limits of these particular interests of certain States, or of bimetallic impossibilities? In my opinion not. We are here neither diplomatists nor idolaters, and if a real difficulty exists as to monetary systems, we must either acknowledge it to be irremediable, or find possible remedies. Is there at the bottom of the present monetary agitation nothing more universal which might rally the monometallist States, the States with the "limping" standard, the paper money States, the monometallist theorists, and the bimetallic theorists in a common interest to a common work? In my view this is possible. You need only cast your eyes on monetary literature to see that infinitely graver questions are being more and more raised than bank stocks, rates of exchange, and financial losses, questions

questions relating to the most delicate problems of science, and of such a universality that they will doubtless make their way into the politics of the day.

Appeal is made in bimetallic literature, sometimes to the interests of all the states, as well as of all the individuals who are in debt, whose more or less heavy debts would be aggravated by a diminution and lightened by an augmentation of the monetary mass; sometimes to the interests of the landowners of all Europe, whose losses on the amount of their rents is attributed neither to American crops nor to the social conditions of their country, but solely to the Bamberger law. Appeal is made, and will doubtless be still more made, to the instincts and appetites of the masses by telling them that at the bottom of all present human miseries there is something imperceptible, terrible, creeping in the dark, gnawing like a cancer at the welfare of the poor as of the rich, and styled "demonetisation of silver," and "dearth of gold." These things will perhaps be repeated to them until this diagnosis of economic maladies has assumed the character of a popular axiom, and then your remedy will be offered, bimetalism, that miracle which will make money plentiful, industry prosper, raise prices, and then increase wages. This is precisely the manner in which another doctrine has been propagated, that of the protection of national labour, and has been made to triumph. The swelling phrases of bimetalism are scarcely so sonorous and seductive as those of protection; above all the connection of causes and effects is not so palpable, but like a miracle, the less it is understood the better it is believed.

As to the aim pursued, the universal bimetallic system, even the support of such a general opinion, of such a universal interest will scarcely bring it to realisation. I am not at all afraid of it. Governments will always look at it cautiously, and means will be found of avoiding engagements the risk of which is but too evident. But there will always be agitation, stir, alarms, and trouble on this subject, and this universal interest is certainly entitled to a consideration of all its details. It is especially incumbent on our Conference closely to examine this question of the actual and probable influence of monetary changes of our time upon the price of merchandise and on the economic condition of peoples.

It is evident that the question is very complicated, complicated to such a degree that there is no means of discovering an absolute and decisive solution. Statistics give us but very imperfect information upon it, and the connection, or rather the entanglement of causes and effects as regards prices is so complex that nobody would venture to pretend to have found the key to it. Still there are certainly solutions more or less near the truth, and I have no doubt that it is in the power of this distinguished assemblage to discover the best.

At the outset it would be necessary to consider if there be really a formidable social danger in this fall of prices with which we are threatened. For my own part, speaking frankly, I see nothing so very dangerous in it, and if I had to choose between an ever-increasing abundance of money, with a constantly progressive rise of prices, on the one hand, and a contraction of money, with a fall of prices, on the other, I should hesitate. There are advantages and inconveniences on one side as on the other; but, in favour of the fall of prices, the rise in value of money, which is apprehended, I should say a falling value loses also its charm, and you know that in periods of rise of prices that money which nevertheless is the object of saving is esteemed less, and is wasted. A rising value increases in charms, and you would doubtless see that a fall in the price of merchandise would make money more esteemed and economised. And if I look at things from the sole standpoint of the great bulk of the populations whose livelihood depends on wages, what an evident advantage is this augmentation of the value of money. They would doubtless under this system have to struggle to keep up and defend their wages against masters wanting to reduce them, just as on a rise of prices, an increasing abundance of money, they have to struggle to raise those wages. But what a difference of position; what a difference in these combats between defence and attack. How much easier is it to preserve than to acquire. As regards debts I would also urge that the debtors losing by the contraction of money, long-term debtors especially, are not in the category of the three-fourths, or nine-tenths of the population who live from hand to mouth without credit or capital. On the other hand, at the present time when so many democratic states are in debt, you will more and more find in the lower middle class, and among the small capitalists, the creditors who would gain by the fall of prices. I waive, however, these comparisons which might be carried on *ad infinitum*, but are more or less beyond the region of reality. What is essential is to judge of the facts themselves, and that judgment being made, to consider the means of re-acting against the present monetary trouble.

The great event to be judged of is not at all bimetalism, which does not exist, which is proposed, but seems impossible, nor even the already half-accomplished demonetisation of silver, it is the progressive and probable adoption of the gold standard, and the consequences which will flow from it; the remedies therefore will be found in the region of monometallism itself. The essential point of the monetary evolution, the subject of a real and universal interest, is not the depreciation of silver, the results of which on the holders of silver are of secondary importance, but it is that fresh demand for gold which will result neither from the arbitrary acts of governments, nor from the theories of *savants*, but from the requirements of commerce.

The first question calling for a reply relates to the existing situation.

I offer, as a supplement to the *questionnaire*, the following: "Has there been in the last 10 years a fall in the price of merchandise under such conditions that it may be inferred that

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the abolition of the free mintage of silver and an increased demand of gold for mintage have essentially contributed to it?"

The following question relates to the future: "Is there reason to believe that in case of the adoption by one or more states of the single gold standard, fresh demands of gold for mintage will lead to a contraction of the monetary and fiduciary circulation sufficiently great to involve a general fall in the value of commodities as expressed in gold?"

Here there will be two calculations to be made; on the one hand a calculation of the fresh demands for gold with which the United States and Italy especially menace us; on the other hand calculations as to the annual production and the stock of gold probably existing, and what is still more material, as to the *elasticity* of the monetary and fiduciary circulation. For it must never be forgotten that in speaking of the relation between money and merchandise, you speak of a relation between merchandise on the one hand and the fiduciary and monetary circulation on the other. The constant and rapid fall in prices of recent centuries is assuredly not due solely to the augmentation of the metallic stock, but much more to the progressive elasticity, the surprising perfectibility of all that currency organism of which the metallic stock is the blood, while credit is the soul and the life.

This currency organism has developed under the influence of the usages, economic necessities, and legislation of each nation, and it has reached different degrees of perfection and elasticity. No doubt we have not yet reached the limit of this power of economising coin, of which England has given us a brilliant example, and if the fresh demand for gold was not enough to call forth a corresponding production, fresh economies might be counted on if necessary in the manipulation of the twenty milliards of gold in the world, in order better to distribute those milliards and to give the requisite share to the nations desirous of entering the ranks of gold monometallist States. And if the investigation we shall make as to these probable demands for gold should cause us to anticipate disturbances and evils during a certain period of transition, the following question would doubtless have a serious interest, especially for monometallists.

"Is there ground for facilitating and for supporting by acts of legislation affecting coinage and fiduciary circulation such economy in the use of gold as the progressive adoption of the single gold standard will cause the States represented in the Conference to feel the need of?"

Mr. Dana Horton, delegate of the United States of America, said he hailed with warm satisfaction the communication of the questions put by the delegate of Sweden. He appreciated their utility all the more as he had already himself drawn up analogous ones in the interrogatories he had just handed to the President. He should be very glad if similar requests for information were framed by other members of the Conference.

As particularly regarded the influence exercised by the fall or rise of the precious metals on the prices of merchandise, Mr. Dana Horton said he would not occupy the time of the Conference with a thorough discussion of the matter; but he read a citation from a work whose authority, he said, was known to all the members of the Conference (Michel Chevalier, *La Monnaie*, ed. 1866, p. 759), and desired to present in an exhibit his views on the economic effects of a rise and of a fall in prices; views which, he might add, had been formulated long ago in a work he had published. He would only refer to the exhaustive discussion which took place on this subject at the International Monetary Conference of 1878, and to the observations which he had himself made in one of his works, and of which he would furnish an analysis in an Appendix. (See p. 265.)

Baron von Thielmann, first delegate of Germany, asked leave to offer an observation.

Referring to the declaration made by them at the second session of the Conference, the Delegates of Germany, said Baron Thielmann, think it right to remark that that declaration does not contain offers made by the Imperial Government to the Powers represented here.

The delegates of Germany confined themselves to giving the opinion that perhaps the German Empire might take into consideration concessions in view of an eventual arrangement calculated to raise the price of silver. As they had stated, Germany's interest in this question does not equal that of several other Powers.

The ulterior decisions of the Imperial Government, as they also indicated, are not prejudged either by its participation in this Conference or by the observations of its delegates.

The object of this declaration is not to correct any of the opinions formulated within the Conference, the delegates having all quite understood the character of the declarations of the German Delegation. Its sole object is to reduce to their true value the exaggerated comments of a certain portion of the press.

Note was taken of this declaration of the first delegate of Germany.

The general discussion of the *questionnaire* was resumed.

Count

Count *do San Miguel*, delegate of Portugal, next spoke, and expressed himself in these terms:—

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Count *do San Miguel*.

I think it the duty of delegates assembled here, with the aim of solving one of the most important, and certainly most difficult problems of economic science, to furnish the Conference with every information which may in one way or another, directly or indirectly, concern the monetary question. This is the consideration which makes me rise to speak.

I do not intend, indeed, to touch on the theoretical discussion of the two doctrines now before us; others more competent than myself have done it, and will yet do it. I will only allude to a passage in the brilliant speech delivered by Mr. Cernuschi at one of the late sessions, because the information I am about to have the honour of communicating to you bears on that very passage.

Mr. Cernuschi told us "the ratio of 1 to 15½ between gold and silver has everywhere prevailed during this century."

Gentlemen, I frankly confess that that statement made in so unqualified a way, and by so competent an authority, made a deep impression on my mind, for in my view the whole question lies there. If the ratio has everywhere and always been steady, bimetallism is possible.

Monetary questions are, in my view, exclusively practical questions; if the object be to solve them it is only by the investigation of facts that they can be approached.

Now, gentlemen, you all know that in Portugal, prior to the monetary reform of 1854, which caused the adoption of the single gold standard, gold and silver simultaneously performed the functions of money. If, therefore, the ratio of 15½ between gold and silver coin had everywhere ruled during this century, that ratio would have ruled also in Portugal, and I had, therefore, to ask myself why, if the ratio worked with such permanence, we substituted the single gold standard for the bimetallic currency which existed before 1854. I have investigated the facts; I have examined whether this ratio in Portugal had really been so fixed as Mr. Cernuschi said. Here is the result of these investigations:—

The first law respecting gold in Portugal is dated 4th August 1688. By that law the price to be paid in the Lisbon and Oporto mints for a mark of gold (22 carats) was 96,000 reis (533 fr. 33 cents.).

This same gold was valued at 102,400 reis (568 fr. 88 cents.).

For a mark of silver of 11 dinheiros, that is to say ½ of silver and ½ of alloy, the value was fixed at 6,000 reis (33 fr. 33 cents.), producing when minted, 6,300 reis (35 fr.)

The legal ratio at that date (1688) was, however, the ratio of 1 to 16.

In 1747 the value of a mark of coined silver was changed, and rose from 35 fr. to 41 fr. 66 cents. (7,500 reis), which made the relative value of gold and silver fall to 13·6.

This ratio recurred at the beginning of the century, and had led to the expulsion of gold from the monetary circulation.

The law of the 6th March 1822 gave to a mark of coined gold a fixed value of 120 milreis (666 fr. 666 cents.), and the gold piece of 4 *onces*, whose value was 6,400 reis (35 fr. 55 cents.), had a value of 41 fr. 66 cents. (7,500 reis). This law was repealed shortly afterwards, together with those passed in the Cortes of 1820, but was restored and ratified by another law of the 24th November 1823, and by a special charter of the 5th June 1824.

Now, as the preamble of the law of 1822 had declared that the equivalence of 13·5 between gold and silver was very far from expressing the proportion of their mercantile value, and as gold did not practically come into circulation on account of the legal value of gold money being below its corresponding value in bullion, the legal ratio rose to 16; I think, in 1825.

In 1835 a new law of the 24th April gave the coined silver mark the value of 7,500 reis (41 fr. 66 cents.), which brought the equivalence to about 15·5, that figure being considered the average rate of exchange of money, whether national or foreign.

On the 3rd March 1847, a new law was passed, raising the value of the gold mark to 128,000 reis (711 fr. 11 cents.), and the gold piece of 4 *onces*, whose value had been fixed in 1822 at 41 fr. 66 cents. (7,500 reis), rose to 44 fr. 44 cents. (8,000 reis). After this law other legal measures were taken, which established the legal ratio of 16·5.

Thus, summing up the foregoing, it will be seen that the ratio between the gold and silver moneys, considered during the first half of this century in Portugal as legal money, was subject to the following variations:—

1800—13·5; law of the 6th March 1822, 16; law of the 24th April 1835, 15·5; law of the 3rd March 1847, 16·5.

Now it was these alterations which caused the abandonment of the bimetallic system in Portugal. It was shown, and the explanation preceding the law of 1854 attests it, that the circulation felt the lack of harmony and the disorder produced by the alteration in the relative value of the previous metals, that the legal ratio between gold and silver money was higher than the commercial value of those metals, and, moreover, that this state of things hampering the transmission of money, burdened all transactions, and obstructed the movements of commerce even in its smallest operations. The law, therefore, establishing the single standard was passed, so to speak, unanimously by the Portuguese Chambers.

I thought, gentlemen, there might be some utility in making known this information, which so closely affects the chief point of the question before us. For my own part, and I am now expressing only my personal opinion, it seems to me to indicate

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what, moreover, is demonstrated by experience and by the principles of science, that the fixity of ratio between gold and silver being unattainable, a State cannot simultaneously keep both metals as a measure of value, so true is it that the more favoured one will always discredit the other, making it lose its character of money, and converting it into pure merchandise. Such is the fact, and in my view Law cannot, or at least should not, be in flagrant contradiction with fact.

Mr. *Cernuschi*, delegate of France, called attention to the fact that at the present session two parts of the world, Asia on one side, and America on the other, had pointed out the dangers and perils of monometallism, and urged the definite adoption of bimetallism, but that this measure had been deprecated by Sweden and Portugal.

What reasons, said Mr. Cernuschi, have the delegate of Sweden and the other partisans of monometallism brought forward? They cite the failure of the Latin Union, but had that failure from the bimetallic standpoint any other cause than the attempt made to subject Germany to gold monometallism, and can it therefore be urged against the partisans of international bimetallism? The partisans of monometallism deny that the adoption of their system must result in a fall of prices, and in support of that denial they remark that Germany's passing over to the gold standard has not led to a sensible depreciation of commodities, but do they not see how easy it is to answer them? The demonetisation of silver is not effected in Germany, it is only decreed; monometallism has not yet triumphed in Europe, it has not yet even begun to conquer; the evil it would cause mankind is not yet felt, it is only foreshadowed. This is why the debasement of merchandise has not taken place, but it would be inevitable, certain, and overwhelming, whenever the monometallic law should really and everywhere come into force by effectual demonetisation; that is to say, the general calling in of silver coin.

The delegate of Sweden has also said that the scarcity of coin produced by the disappearance of silver would be an encouragement to economy, just as its abundance incites to prodigality. It is impossible to understand on what principle or on what economic fact such an assertion rests.

The delegate of Sweden urged in favour of monometallism, the argument that it would benefit the mass of the populations; all creditors and all landowners would gain by it, while artisans would not lose, as they would only have to maintain the rates of wages already secured, instead of having with difficulty to extort an increase of pay, as they would be forced to do if monometallism should not prevail. But by what right would legislation thus make some gain and others lose? In this arbitrary allotment of loss and gain by the monetary legislation, where is justice, where is equity, where is even the notion of the function of money? The object of money is to guarantee in the present as in the future the sincerity, the permanent equivalency of all current contracts; money is a kind of instrument of precision, a *value-meter*, which maintains as it were debts and credits always at one level. Yet it is sought by a legislative revolution to abolish by a stroke of the pen one of the two elements serving as a measure in the agreements hitherto concluded.

It is needless, however, to say more. The injustice, the fallacy, of the monometallist doctrine, its inconveniences and its dangers, have been pointed out by Sir Louis Mallet, with a clearness and force which render unnecessary any further reference to it. It remains only to make use of his words, by making a great effort with the British Government, to induce it to convert its double monometallism, which is unsound and ruinous, into an international bimetallism, which would be logical and beneficial to England as to India and the whole world.

The continuation of the general discussion^{*} was fixed for Thursday, the 19th May, at 12.30 p.m.

The Session closed at 5.30 p.m.

EIGHTH SESSION.

Eighth Session.

M. Pirmez.

Thursday, 19th May 1881.

Mr. *Magnin* presided, and there were present the Delegates of—

Austria-Hungary,	Portugal,
Belgium,	Russia,
Denmark,	Spain,
Germany,	Sweden,
Great Britain, British India, and	Norway,
Canada,	Switzerland,
Greece,	The United States of America,
Italy,	and
The Netherlands,	France,

who were present at the preceding Session.

The Session opened at 1 p.m.

The Minutes of the previous Session were read and adopted.

The *President* read to the Conference a letter from Mr. Dumas, Delegate of France, who, being detained at home by illness, expressed his regret at not being able to attend the Session and take part, as he had intended, in the discussion.

Lord *Reay* presented a paper, addressed to the Conference by Mr. Probyn, of London. (See Appendix, p. 275.)

The general discussion of the *Questionnaire* was resumed.

Mr. *Pirmez* thanked the Conference for the attention it had been good enough to give to the observations offered by him at a previous Session. He thanked those of his colleagues who disagreed with him for the courtesy with which they had opposed him. He was, by this very fact, bound to detain the meeting a short time longer; but he would speak briefly, endeavouring to bring out the points of agreement rather than those of disagreement.

It is important at the outset, said Mr. Pirmez, not to extend the debate beyond its true limits. One question alone has been under discussion: is it possible to establish a fixed ratio of value between the two monetary metals, and more particularly is it possible to do so by arbitrarily taking the ratio of 15½, which is contrary to commercial facts? I have replied negatively to this question; it is the only point, but the point governing the whole question, which I have treated.

I make no propaganda, therefore, in favour of gold and against silver. I do not wish to see new countries adopt the gold standard. I do not overlook the fact that a perfect monetary system may be established with the silver standard. I have no idea of seeing the functions of that metal narrowed. I have even no objection in principle to the rational system advocated by the Delegate of Russia; a system which would consist in having silver money of variable value, and which he aptly called bi-metallism with a single standard. What I reject, but reject as contrary to the nature of things, and as bound to give results the reverse of those expected, is the attempt to decree and maintain a fixed ratio between the two metals.

This doctrine which I oppose is that of all bi-metallism; but what a profound disagreement in principles among those who defend it!

Mr. Cernuschi has claimed for his doctrine that it is the only one really bimetallic, and I am bound to state that in this respect I agree with him. This doctrine, which has received the adhesion of Count Rusconi here, and that of Mr. Horton in his writings, assumes as a fundamental and essential proposition, almost as an axiom, that law, and law alone, determines and creates, so to speak, the value of money. It draws from that principle all the consequences it involves. It draws them with a rigorous deduction which nothing can arrest, and an inflexible logic which mathematicians might envy. This doctrine is what I should be disposed to call dogmatic bimetallism.

My other opponents are a long way from this doctrine. Neither Mr. Vrolik, nor Mr. Pierson, nor Sir Louis Mallet, nor Mr. Luzzatti, nor Mr. Denormandie, nor Mr. Howe, admit this omnipotence of law. They hold the same principles as do all of us who have here been defending the principle of the single standard. We have gathered the same fruits from the tree of economic science. I have offered them in their natural state; we discover them at the bottom of the bimetallic liqueur which they offer us in a state of preserve. Like us, they regard money as a commodity which the State can only weigh, test, and certify to, and whose value varies according to the development of consumption and production. They reject the idea that the command of law can fix its value; they confine themselves to saying that the decisions of law as to the employment of the precious metals influence its value. I entirely agree with them on that point. It is as unquestion-

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able that the market which the law may insure to these metals acts on their value, as it is unquestionable that its command alone is fruitless. The State would increase the value of madder by giving its soldiers red trousers; it would increase the value of silver if it had its cavalry horses shod with that metal; and for the same reason it will produce the same effect if it adopts silver as money. But what in that case would be the action of law? It would simply be one factor, a very important one I allow, but still only one factor in the sum total of supply and demand which will determine the value. This was fully recognised by Mr. Howe, when, instead of accepting the cabalistic $15\frac{1}{2}$, he assigned as one of the objects of this Conference the search for the true ratio between gold and silver. Thus, whatever law does, the real value will remain variable; it will undergo oscillations. Now this alone makes the system collapse, for in a matter where speculation depends on infinitesimal fractions absolute fixity would be essential, and that fixity, according to the very principles spoken of, can never be attained.

What would be the necessary consequence of such a bimetallic doctrine as would be entitled to the name of rational bimetallism? The legal ratio necessarily giving way under the weight of facts, it would be necessary, in order to bring back to circulation the metal which its higher comparative value would have withdrawn, to reduce the fineness or the weight of the coins of that metal. By a kind of deterioration of the ratio, always making the higher standard descend to the level of the lower, you would keep the two metals in circulation, but at what cost? By setting on foot a permanent monetary revolution, by decreeing a continuous fall in the measure of values! That is the goal of those who desire two monetary standards; that is what is enforced upon them as a necessary consequence.

Between the two bi-metallic doctrines which have thus been expounded to us, you already see that there is nothing in common. Mr. Cernuschi's dogmatic bi-metallism starts from an inadmissible principle, but is irreproachably logical; no consequence, however strange it may appear, makes it flinch. Rational bimetallism starts from true principles, but does not draw from them the conclusions which they involve; conferring on a simple element in the value of the metals an absolute power of fixing their value, it arrives at a declaration that the ratio between two values, regarded by it in principle as essentially variable, may become invariable.

But I leave the two schools to refute each other; whether it be in the principle or in the deduction the error exists, and the fixity of ratio remains unattainable.

The illusion indulged in in order to reach that fixity seems to extend to everything relating to it, and it is necessary for me to dispel it on certain points.

Thus the history of the Conference of 1878, unless a stop was put to it, would become a legend. It would ultimately be accepted that that assembly, under Mr. Goschen's inspiration, pronounced solemn condemnation on our doctrines, and proclaimed that the silver currency must everywhere be restored. I was astounded at the inconsistency between what I heard and what my memory recalled to me. I referred to the documents, and I lay them before you.

The Conference declared "that it is necessary to maintain in the world the monetary functions of silver as well as those of gold." All of us who had defended the principle of the single standard voted for that proposition, but to guard against any misconception we were careful to fix the meaning of it. Mr. Garnier, Mr. Feer-Herzog, and Mr. de Thöerner clearly explained themselves in this respect. And what is its bearing unless it be to express that the abolition of the silver currency, where it exists, might cause considerable disturbances? I am still ready to declare that if India, for instance, adopted the gold standard a serious disturbance of values would result. Should I thereby condemn myself? But I confine myself, in order to dispel all mistake, to reminding you of what Mr. Goschen himself said in explaining his vote: "This formula implies no preference in favour of the double standard; if it were otherwise my colleagues and I could not accept it;" and he thus concluded his declaration: "as for the desire which has just been expressed, that the hope may be left open that some day a fixed ratio may be established between gold and silver, and an international value given to them, I declare that, in my view, it is impossible to realise this, impossible to maintain it in theory, and that it is contrary to the principles of science." This is how he condemned us.

All monetary history is being written with the same tendency to discover in it the same justification of bi-metallism. We are shown the two metals co-existing in circulation at a fixed ratio, yet however far you go back you find this assertion contradicted by the facts. Athens, that wonderful city, which lacked no kind of superiority, understood the impossibility of the fixed ratio, and boldly cutting the knot, she established by the side of the silver money serving as the standard, a gold money of uniform weight, which was appraised by commerce. Monetary history since that time records only variations of ratio constantly demanding re-adjustments. I have shown you how in this century it was impossible to enforce the legal ratio in France, in the Netherlands, and in Belgium. At our last Session Count San Miguel brought a fresh and decisive contribution of facts relating to Portugal, in proof of the variability of ratio. Whence arises the mistake? From considering as realised whatever the laws enact. The ratio at $15\frac{1}{2}$ has existed on paper from the beginning of the century, but it has never descended to facts.

What is now going on, what is even said among us, does not escape this transformation which accommodates everything to bi-metallic aspirations. Is a work published, is a speech delivered, is a meeting held in any country to demand the mintage of silver, it

is

is depicted as a plebiscite which, whatever the attitude of the authorities, annexes the country to bimetallism. You heard the clear and precise declarations of Germany; Mr. Cernuschi took them as at least a moral adhesion to his doctrine. What is more natural, however, than that Germany, which has a considerable stock of silver, should desire to see silver preserve and recover its value? But is there any other means of testifying my confidence in the judgment of that great nation than by preferring what she keeps to what she wishes to get rid of. The speeches of Sir Louis Mallet and Mr. Howe,—the verdicts, according to Mr. Cernuschi, of Asia and America,—should they induce us to adopt his ideas?

The Delegate of India showed us, with great clearness, the inconvenience of a monetary standard of declining value. Confirming and supplementing what I had the honour of submitting to you, he showed us how the fixed taxes, while nominally unaltered, have diminished, and can no longer meet expenditure of increasing amount. The deficit must be made up by an increase of taxes. That increase would be only apparent, for it would only counterbalance the depreciation of coin; but the people do not take account of the intrinsic value of monies, and in their eyes to increase the number of monetary units collected by the treasury is always to increase the tax. That observation is thoroughly sound; it is as true for Europe as for Asia. It deserves the attention of governments. They must imbue themselves with this idea, that by weakening the monetary standard they steer straight towards an apparent increase of taxation, which will be accompanied by the same host of difficulties as if it were real. One understands, therefore, both how the Indian Government desires to see silver recover its value, and how England is not inclined to effect this by allowing the mintage of silver at home. Is there not here an eloquent lesson?

Mr. Howe's speech is not less instructive.

The honourable Delegate of the United States warmly protested against the idea that the great Republic he represents is aiming at a better market for the produce of its silver mines, those mines being only of very secondary importance in the immense agricultural and industrial development of the United States. Mr. Howe goes further, and wittily ridicules the reciprocal transmission of precious metals from Europe to America, and from America to Europe. International commerce is not carried on by cash, but by merchandise.

I entirely agree with Mr. Howe. But what remains then of the dangers of the balance of trade, of the export of European coin, of the impossibility of settling the balance of imports? What becomes both of the necessity of increasing the quantity of coin, and of the advantages of bi-metallism in developing international commerce? Coin does not cross the ocean; how then can it act in settling or promoting commercial operations? We should have to impute to silver an invisible secret action derived from its mere presence, and like the catalytic influences of chemistry shrouded in mystery!

It is not on these incomprehensible effects, any more than on the providential predestination of the metals, that we can rely in taking resolutions. We must keep to precise facts, and to attested influences.

Have I been mistaken in this respect in explaining the situation to you? "You are too much of an optimist," Mr. Denormandie and Mr. Luzzatti told me; "you send everybody to the hospital, Mr. Howe tells me." These reproaches, however, really justify me.

I testified to the excellent position of gold standard countries; I acknowledged only one serious malady, that of the countries having forced paper currency, pointing out, however, that it was financial, not monetary. As to the Latin Union, with its so-called "limping" standard, I was careful to show that its "limp" is nothing serious, and will get better. If I revert to this point, it is in order to give a word of reply to Mr. Seismitt-Doda, who described a reproach in what I said of the influence of Italian paper money, and its abolition. Italy has accomplished a great work. I need not recall the sentiments of the Belgian Government towards her. Great achievements involve great expenditure. I did not, therefore, utter a reproach, but expressed a hope.

If, however, there is one State which sets aside all idea of illness, and of medical treatment, it is that of which Mr. Howe is the delegate. All proclaim, with one accord, the prosperity of the United States.

I admire, as all do, the splendid development of all their resources, and I also admire the unexampled energy which they display in paying off their debt. If I differ from my honourable colleagues, it is in not feeling the same alarm that they do at this exuberance of wealth.

Mr. Denormandie in his address so replete with the charms of style, pointed us, in proof of the balance of trade not being an empty phantom, to the five milliards difference occurring, between 1876 and 1880, between the exports and imports. But does not that very figure demonstrate the imaginary character of that balance? If the five milliards had had to be paid in coin, none, or scarcely any, would now remain in France. But the bank cellars, and the circulation are full of coin; it is still here, therefore it did not go away, or if it went away it has come back. If such differences had to be paid in five-franc pieces, what would be the good of that panacea, the mintage of silver? It would only pay them for a few months or years, and what would happen afterwards?

Mr. Howe also appears sometimes to feel this fear that, failing a monetary circulation with a double basis, Europe will be for America a customer who cannot continue business. But he himself reassured us by showing us that international commerce consists in the exchange of merchandise. If the United States send us the products of their agricul-

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Count Rusconi.

ture or industry, they will take ours. It could not be otherwise, unless they wished to send them to us for nothing. I have no hope of that. But if that happened, I hold that notwithstanding the balance of trade, which would be declared more and more unfavourable, we should be all the richer.

This idea of finding in bi-metallism a means of developing international commerce must be abandoned. There is another means, namely, to level the obstacles created by protective duties, to abolish the artificial barriers which obstruct the commercial relations of one people with another, and to give the activity of the world freedom of action. There lies the path of progress.

If I took the liberty of saying that Governments, and we who are their delegates, are powerless—Mr. De Normandie reproached me with this—it is only on one point, namely, in efforts to establish a fixed ratio of the monetary metals.

Without going beyond our special province, must we, because we abandon this impracticable idea, declare that there is nothing to be done? Mr. Levy pointed out, a few moments ago, the important functions which silver would have if gold coins, and notes under ten francs, were abolished. And if this did not suffice, if in the Latin Union the five-franc pieces, notwithstanding the resumption of specie payments in Italy, remained dangerously in excess, would it be an intolerable burden for the 70 millions of inhabitants composing it to modify that circulation?

These are problems which, without prejudging them, I simply point out. The examination of them is neglected if we look only at bi-metallism. It is not clearly enough seen that, whatever is done, bi-metallism will always act as a sieve, keeping the bad and letting the good pass through.

There is one consequence of the debased monetary system which it will produce, to which, in conclusion, I call your attention.

London is now the great settling place of the commerce of the world. That position it doubtless owes, in a great degree, to its commercial importance, but it also owes it to the stability of its monetary system. People want to be paid in gold, recent proofs of which are the loan just being contracted by Hungary, and the loan announced by Italy. If you wish the great commercial centres of your countries to share one day with London the great rôle of financial importance, you must have a monetary system as good as the English. To act otherwise is to shut yourself out from all hope. France, no doubt, will not wish to do this any more than Germany, who has told us her views on this point. Even in Belgium we have ambition enough not to renounce that hope. There is here an interest of the first importance.

Count Rusconi, Delegate of Italy, replied in these terms to Mr. Pirmez:—

Mr. Pirmez has just delivered a speech. Any speech by Mr. Pirmez always deserves praise; I begin, consequently, with praise. After this let me be allowed to put some questions to him respecting what he has just said. The whole discussion turns on the definition of money. That was the declaration with which I ended what I had the honour of saying the other day. Let us come to an understanding then; let us fix that definition. A multitude of interesting conclusions may flow from it.

Is money a commodity? What character has it in common with commodities? Is it sold? Is it bought? How is it paid for? Who makes money? Is it not the law? If law does not make it, how can it unmake it? Could the law abolish heat, electricity, or any natural phenomenon?

Do not the precious metals lose nine-tenths of their value if they are deprived of the faculty of being converted into money? What has happened to silver, and what would happen if the mintage of it were everywhere suspended, and prohibited? Would not that metal immediately lose nearly all its value?

Is not intrinsic value an abstraction? Is it not like the colour which people fancy they see in objects, but which is only in light? Now, just as colour is in light, and not in the objects, is not value as regards the precious metals in law, and not in matter?

What is intrinsic value? Is not matter all equal? Is a molecule of gold worth more than a molecule of mud?

The Conference of 1878 led to nothing, I admit, but that was just why I did not then share in its conclusions, but was, with my colleague at that time, the only delegate who refused to subscribe to the declaration which Mr. Goschen had drawn up, and which everybody except myself approved.

Will Mr. Pirmez kindly answer one word—what is money?

Mr. Pirmez.] It is a commodity, but weighed and verified by the State.

Count Rusconi.] If the Conference makes that declaration all debate is certainly at an end, and the law of bi-metallism, and of the ratio, becomes absurd and impossible.

Mr. Seismit-Doda, Delegate of Italy, held that the Conference having reached the term of the first part of its labours, could not separate without voting a motion affirming the necessity of doing something in the interest of the rehabilitation of silver with the ratio of 1 to 15½. He would have been happy to take the initiative in making a proposal to that effect, but as recent events in Italy imposed an extreme reserve on the Italian delegates, and obliged them to speak only in their personal capacity, he must confine himself to pointing out to the Conference the necessity of a motion of that character, and to declar-

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ing himself ready to support that which had lately been suggested by the delegates of another Power.

It was, in fact, scarcely necessary to intimate, after the speeches delivered at previous Sessions by M. Luzzatti, by Count Rusconi, and by himself, that the Italian Delegates entirely agreed in the declarations submitted by Mr. Denormandie and Mr. Cernuschi, as well as by Sir Louis Mallet, on the necessity of raising the value of silver, and establishing a fixed ratio between the two metals.

Without wishing to enter the wide field of theoretical discussion, which previous speakers had so brilliantly traversed in all directions, Mr. Seismit-Doda would content himself with putting to Mr. Pirmez a single question with reference to the monetary doctrine expounded in his last speech. The Delegate of Belgium, said, Mr. Seismit-Doda, stated that the ratio of value between gold and silver could not be fixed by law, and a little further on he spoke of the absolute value of the two metals. Now could Mr. Pirmez say what value is? Is there any absolute value in the world? Is not value always relative? He himself acknowledged this; but then may he not be asked whether it is the *metal*, white or yellow, which serves to buy the object required by the consumer, or to pay for the service rendered? Is it not rather the *quantity*, the monetary unit, whatever the metal may be, which serves for the remuneration of the service rendered, or for the purchase? The words themselves testify this, for the terms which serve to designate money imply an idea of quantity or number. Thus we call the coined metal *numéraire*; thus the Romans call it *pecunia*; that is to say, representing a certain number of sheep (*pecus*). These names rest on a true idea, for value as regards money is never determined except by the number of monetary units.

If it be admitted that it is the monetary unit which possesses the purchasing power, is it possible to have that unit in gold? Has not even the Latin Union had to renounce coining the five-franc gold piece which too easily became worn? Could gold francs be manufactured and maintained as monetary units? Can you reckon in what proportion they would be worn out and lost? It is objected, indeed, that token money is already used, coined in silver at a lower rate of fineness. But if five monetary units, 885-thousandths fine, are accepted for five francs, why would not five monetary units, represented by a five-franc silver piece, 900-thousandths fine, be also accepted?

Mr. Pirmez does not admit that the law fixes what is called the value of money, because he asserts that gold and silver are commodities; but he affirms at the same time that the precious metals have an intrinsic value. It is not very easy to comprehend what this expression of intrinsic value really means. The value of the precious metals may be considered as the result of the cost of production, namely, wages of workmen, expenses of extraction and transport, and of the bringing the metal into use. All these expenses constitute the cost price of the metal used for making money, but they do not represent the intrinsic value of money, and that intrinsic value really escapes calculation.

Reverting to questions of fact, Mr. Seismit-Doda stated that the original idea of this Conference, that put forward by France and the United States, and which consisted in fixing or rather maintaining the ratio of 1 to 15½, had already obtained numerous and important adhesions. British India, he said, has openly adopted it through the medium of Sir Louis Mallet. Germany, without confessing that she had taken a wrong road, manifestly feels an uneasiness, shown by Baron Thielmann's declaration. Spain and the Netherlands have expressed the idea, in which Austria-Hungary seems likely to concur that it is necessary to restore the value of silver and make bi-metallism the basis of an international treaty between the various States of Europe and America.

Italy pronounces in the same sense. It would be wrong indeed to impute to her, as Mr. Pirmez has done, leanings to gold monometallism, because in the loan she is about to contract she requires two-thirds of the payments to be made in gold. If Italy thus demands 400 of the 600 millions of her impending loan in gold, it is not solely through preference for gold, but from necessity. It is because she sees silver depreciated by the suspension of mintage in the Latin Union, by the gold monometallic legislation of Germany, by the very series of measures which she condemns and now asks for the withdrawal of. But pending her obtaining this, it is the commonest prudence for her not to expose herself to become a receptacle for a debased metal, and, as was well remarked in the Italian Parliament by Mr. Magliani, the Minister of Finance, "to become the monetary India of Europe."

The gold monometallist States are interested, like the bimetallist States, in the Conference not adjourning without having given at least some pledge to the populations impatiently awaiting its decision.

Baron Thielmann, on behalf of his Government, has declared that Germany was disposed to do all she could to facilitate the conclusion of a monetary treaty between the various States of Europe, and to prevent their suffering from the demonetisation of German silver in the event of its being continued. He added that Germany might slacken that demonetisation, reduce it, effect it only gradually, or agree with the other States as to the manner of carrying it out.

Mr. Fremantle also has made known that he came with the friendliest intentions to seek the means of arresting the depreciation of silver. It is evident, indeed, that England has a capital interest in not allowing the perpetuation and aggravation of those monetary difficulties of India, depicted to us in so striking a fashion by Mr. Cernuschi, as well as by Sir Louis Mallet, and which inflict on that great British dependency an annual

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loss of 15 or 20 per cent. on the 16 or 17 millions sterling, annually paid by her to the English Treasury.

Mr. Pirmez himself declared that there was something to be done, and while twitting the bi-metallists with exaggerating the evil, he acknowledged the existence of a real complaint which it is important to remedy. It is true his idea would be that the ratio of 1 to 15½ must be altered, but does he fancy that such an alteration is practicable? Does he think it possible to demonetise the eight milliards of five-franc pieces now in existence? Whom will he advise to take the initiative of such a measure, of the losses it would involve, of the terrible crisis it would provoke?

Such a resolution is not now the point; the point is to reassure Europe, the two hemispheres, and mankind in general, as to the value of one of the two precious metals serving as a sign and expression of its wealth. The Monetary Conference of August 1878 expressly recognised, whatever may be said to the contrary, the utility and urgency of measures framed in this sense; it proclaimed the necessity of rehabilitating silver. It is for the Monetary Conference of 1881 to confirm and to complete the vote of its predecessor, by declaring itself, at the very first phase of its labours, firmly resolved to advise the adoption of practical measures with a view of raising the white metal from the discredit into which it has fallen. If the Conference should adjourn without expressing itself on this point, its silence would certainly be construed unfavourably to silver, and would result in a fresh and considerable depreciation of that metal. That is a result which everybody must assuredly be anxious to avoid.

Baron von Thielmann, adverting to the words just uttered by the chief Delegate of Italy respecting Germany's intentions, was bound to repeat the reservations expressed by him at the last Session. The Imperial Government, he said, has made no proposals to the Powers represented at the Conference; its Delegates have merely indicated the path which would have to be followed in order to arrive at an understanding; but the Berlin Cabinet reserves its entire freedom of action.

Mr. Seismit-Doda replied that he had simply taken note of the declaration made at the Second Session by Baron Thielmann, and from which it resulted that the German Government was quite ready to consider proposals tending to put an end to the depreciation of silver.

Baron Thielmann declared that in this way of putting it, he entirely agreed with the First Delegate of Italy.

Mr. Dana Horton, Delegate of the United States, desired to present some remarks suggested by the interesting addresses of Mr. Seismit-Doda, Count Rusconi, and Mr. Pirmez.

After explaining that it did not appear to him possible in the present state of the discussion to pass a resolution which should condense in a few words the outcome of the proceedings of the Conference up to this time, he observed that the practical difference between Count Rusconi and himself, with reference to the desirability of endeavouring to induce the Conference to agree upon a definition of money, was of analogous nature to his opposition to the idea which had been expressed by Mr. Seismit-Doda.

It would perhaps be but frank on his part to avow that his way of looking at these points was not merely individual, but depended, perhaps, upon a difference of race. These distinguished speakers were of the Latin race, while he belonged to the Teutonic race, and he supposed there was something in his blood which made him unwilling to put confidence in definitions.

For himself he confessed that he never found difficulty in consenting, for the moment, to the expression "money is a commodity," if people insisted upon using it, and he thought that he could rebut the conclusions of Mr. Pirmez on that line as well as on another. It was for him a question of style, a difference of words rather than of ideas; he might add that there were similar differences between Mr. Cernuschi and himself. This was very natural; there were various ways of arriving at the same truth and of presenting it to others. But precisely because of these different methods of presenting a subject, it was much better not to confound their methods together.

For example, said Mr. Horton, the honourable Delegate of Belgium, has done me the honour to mention one of my writings ("The Positions of Law in the Doctrine of Money"), which was presented as an exhibit in order to avoid the necessity of occupying the time of the Conference in theoretical discussions. Unfortunately it is evident that Mr. Pirmez, although he seems to desire to reply to this paper, has not yet done me the honour of understanding it. If he should conclude to take that trouble, I should request him to take firm hold of the following point. The views which he expresses on the relations between money and law, touch upon a question, as it seems to me, which is very ancient, very difficult, and in a certain sense, incapable of solution. I allude to the question of volition, of the freedom of the will.

What are motives? What is it that forms a decision? Is it the motive, or is there a will?

Now, gentlemen, among practical men it is, I believe, agreed that freedom of the will exists. It is a fact which the practical man does not deny. But no more does he deny the existence of motives.

Now law is, in a preponderating sense, the will of society. Is there no free will here also?

also? It seems to me that the law acts somewhat as the individual does. But in saying that, I have no idea of saying that there are no motives for the law. Eighth Session.

On the other hand, the honourable Delegate of Belgium appears to me to desire to lay the foundation of his theoretical argument against the existence of the will, by citing the existence of motives. Would it not therefore be better to lead him into the domain of practice, by asking him what would be the effect upon the ratio between silver and gold if England and Germany should form a Bimetallic Union with us? Mr. Dana Horton.

Mr. Horton then read the following address:—

Mr. President and Gentlemen,

At one of the preceding Sessions, mention was made of the views expressed, outside of the Conference, among the learned men who abound in Paris, concerning the aim and motive of our reunion.

The fact was thus recalled to me that a great deal had been written and said in various quarters, about the United States, and about the reasons which had led my country to interest itself in the silver question, and that the Press had largely reproduced these observations.

I cannot say that it surprises me to observe a certain confusion of ideas with reference to the monetary policy of my country. This is the fourth time that I have come to Europe since my entry, in 1876, into monetary controversy, as an apostle or advocate, in my way, of a Bimetallic Monetary Union, and each time I have been able to recognise the same phenomenon; it is all very natural; the New World is a long way off.

But when the great Republic of the New World by the Conference of 1878, put itself in the chair to teach political economy to the nations of Europe, it caused a peculiar perturbation in the scientific mind. Gentlemen, it is to furnish information, in order to calm this perturbation that I address you to-day.

You are aware, gentlemen, that grave works of philosophy, destined to exhaust some subject, are wont to commence by laying down general principles, *im Allgemeinen*, as our brothers of Germany would say. Following this example, I propose to enter upon our present subject by laying down general principles, and I shall do so by means of a parable, which, at the same time, is a true story.

In the month of October 1868, I was in Switzerland, and as I was reclining on the slope of a mountain that looks down on the famous valley of Lauterbrunnen, opposite the Staubbach, I talked with my guide. Among other things the good man told me that further on, in a certain direction, there were great forests, and in these forests, large wolves, and very fierce; that these very fierce wolves were not native to these forests. But, said I, where do they come from, these wolves?

He answered me that *they came from America*.

I was struck dumb. There was nothing to be said. Gentlemen, I admit to you, in all frankness, that the man who said that was perfectly sincere. He had no prejudices; no ulterior purpose to serve. He knew nothing of the Phylloxera, that fearful scourge for which nature, and not man, in America is responsible. The protectionists of the farming interest had not yet invented the Trichina or the diseases of American cattle as a political instrument. No, on the contrary, the man's geographical and zoological science was the natural product of his naïve and simple intelligence.

Gentlemen, I think we can say as much of monetary science when it speaks, as it speaks sometimes, of the metal silver and of the Americans. For my part, I can only say of these interpreters of monetary science, as I do of my man of Lauterbrunnen, *O sancta simplicitas!*

Gentlemen, among the questions which have been suggested by speakers who have preceded me are the following:—The present circulation of silver coin in the United States; the future production of the silver mines; the interest of the United States as silver producers; will silver from American mines be exported to Europe if the Bimetallic Union is formed? The need of enlargement of our present stock of metallic money; the motives which have led the United States to take the initiative in the formation of a Bimetallic Union.

I shall treat of these questions in the same order.

With reference to the circulation of silver in my country, three important points are to be considered:—

1st. We are accustomed to the use of paper; which, however, does not mean that we are not "metallists." We simply allow the precious metals to act, so to speak, by attorney. They enjoy all the advantages of the rule of law, *Qui facit per alium facit per se*. Formerly we had the system of gold certificates of deposit; now the greenbacks, payable on demand in gold, but never paid, because no one asks for the coin, are themselves, in a manner gold certificates of deposit. We have also the silver certificates of deposit, which like the bank-notes of our national banks, circulate on a footing of equality with the greenbacks.

2nd. At the end of 1880, 31 per cent. of our greenbacks and bank-notes were of the denomination of 5 dollars or less, and 81 per cent. were of the denomination of 20 dollars or less, and so below the value of the smallest note (5 £.) used by the Bank of England.

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3rd. The custom of using cheques is, I think, even more developed among us than it is in England, and, in fact, is developed to an extent of which it would be difficult, I think, for one accustomed to the use of cheques on the continent of Europe to form an idea.

In the state of affairs thus indicated, there is naturally very little gold and still less silver in actual use. The pockets of the public contain neither the one nor the other in large quantity. As far as silver is concerned, the table given by the Director of the Mint of the circulation of silver dollars (November 1880), indicates that of the 72 millions coined, 36 per cent. circulated in specie, 25 per cent. by means of the certificates of deposit, while the rest were in the treasury awaiting distribution. A later statement (30th April 1881) shows that 50 millions of silver certificates have been issued.

We can now turn our attention for a moment to the fear which has been so often expressed, that the mines of Nevada will increase their annual yield of silver. The honourable delegate of Norway has recalled to us, that in 1878 the American delegates (it was the honourable Mr. Groesbeck of whom he was speaking) had announced that various silver mines in Nevada seemed to be nearly exhausted, and that the yield was diminishing. The fact is, gentlemen, that the figures given by Mr. Burchard, the Director of the Mint, indicate a production estimated for 1878, at 45 million dollars; for 1879, at 40 millions; and for 1880, at 37 millions (I shall present an exhibit which contains the exact figures); so that these views expressed in 1878 seemed to be justified.

But, in my view, the question of one or more correct predictions is here a matter of minor importance; I prefer to reply to the points made by the honourable delegates of Norway and Belgium, with an admission of the probability that the free coinage of silver, the rise of its ratio to gold, will produce the effect of stimulating the production.

But at the same time, gentlemen, I shall have to enter upon the record a formal protest against a claim which the honourable gentlemen seem to me to present; and that is, that they have, in their argument, the right to the advantages of two contradictory hypotheses at the same time. When an argument has been built upon a legitimate prediction (that is, upon a calculation of probabilities) it will not do to turn right about, so to speak, and construct an argument on a prediction diametrically contrary to the first. Gentlemen, the clause of "the most favoured nation" regulates our relations, I admit. We have, here at least all of us, mono-metallists, bi-metallists, two-metallists, free coinage in our arguments, freedom of exchange in our ideas; but that does not imply any rights which are not recognised *jure naturæ et gentium*.

If the rise of silver and fall of gold, which is to take place when the Bimetallic Union is established, is to bring about an enormous rise of prices (and, if I have rightly understood them, this is the argument of the honourable delegates), there will be no more profit then than there is now in working silver mines; the same per cent. will have been added to the cost of producing silver which has been added to the gold price of silver.

But gentlemen, let us accept, if you will, the hypothesis as it has been presented to us; admit for a moment that there will be an increase of 100 million francs in the annual yield of silver. What will be the effect of it? We have, according to Dr. Broch, 16 milliards (francs) of silver money, and there is an enormous mass of uncoined silver beside. Can you see, in an increase of $1\frac{1}{2}$ or 3 or 6 per mille above the average annual enlargement of its stock of metal, a fact which contains any menace against the monetary peace of a world which destroys every year, and which has absorbed every year for centuries, such an enormous quantity of the two metals?

As for the interest of the United States as silver producers, of course there are individuals who have a certain interest in a rise of silver. Any one who desires to take the trouble can calculate what this interest amounts to; and then when he has made the calculation it may be necessary to cross off almost the entire sum, on account of the loss which the gold mining interest may suffer by reason of the fall of gold or loss of anticipated profit from its appreciation. But I think, gentlemen, that I have already indicated that it is rather the part of my philosopher of Lauterbrunnen than of a serious man to attribute importance to the silver-producing interest in the United States.

Gentlemen, in our discussions there is question of the exportation of silver from the United States. In saying that rivers never ascend to their fountain heads, M. Pirmez has expressed, with his habitual *esprit*, the fear so generally felt, that American silver is about to inundate Europe.

Now what are the actual facts? How much new silver coming from the mines has been exported to Europe from America in these late years? I cannot give the precise figures, I hope to procure them; but my belief is, that the yield of American mines has had for its market Asia, by way of San Francisco, and the American Mint. But gentlemen, the United States produce a great quantity of gold. During the last 20 years they have produced far more gold than silver (rating these metals at $15\frac{1}{2}=1$); and within the same period the United States caused their stock of gold coin to be transported to Europe, in 1862-63, when the paper money was issued. I shall therefore say to M. Pirmez, as I was obliged to say to the Conference of 1878, if you predict for Europe an inundation of silver, why not also an inundation of gold?

A great country which has 32 francs per capita of gold coin and 12 francs per capita of silver coin (small change and dollars taken together), which possesses a vast and yet uncolonised territory, a country whose population increases in enormous proportions, a country which still holds its paper money to be retired, can certainly undergo the burden,

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at least for a series of years, of employing at home all that part of the annual yield of its mines for which Asia, by way of San Francisco, makes no demand.

But I cannot believe that the honourable delegate of Belgium is really in earnest in this matter.

As a former member of the Conference of 1878, he must know the object of that Conference. That object was the formation of a Bimetallic Union; and every one knew that the only practicable ratio for such a union was that of $15\frac{1}{2}$ to 1; and therefore it was the ratio of $15\frac{1}{2}$ which was to be established in the United States. It is generally known that since then the United States have drawn to themselves a great quantity of gold, and that the larger part of this gold has come from Europe, while the share of new gold from the mines which is kept in the United States, is much greater than formerly. Of course this increase of the need of keeping at home the newly-produced gold has, in a certain sense, the same effect as an increased employment of gold which is met by bringing in gold from other parts of the world. We have to consider not merely the gold taken directly from Europe, but also the gold which in, what might be called, a normal state of affairs, would have been taken to Europe, but which in fact, is now held back in America.

Now from the beginning, I must confess I have regarded it as the probable result of a Bimetallic Union, that the dollars of the Latin Union, the five-franc pieces, would be recoined into American dollars. I remember having said, in the Conference of 1878, that the United States were drawing, and would continue to draw, to themselves a large part of the metallic stock of Europe, and that the question for the Conference was whether they should take silver or gold.

The delegate of Belgium seems to have been very indifferent to this question. Unfortunately it is a question which does not permit itself to be suppressed.

And it is still on the order of the day. People ask with great interest, how far the metallic stock of the United States is likely to increase.

Gentlemen, I am no prophet: I shall merely try to point out some elements for a calculation of the probabilities in this matter. Our paper money is not yet retired and replaced. To retire it, or to cover it entirely with a metallic reserve, would imply a contraction of the monetary basis of the world's business by perhaps a milliard of francs. Each year we take actual possession of a great extent of land in the deserts of the Far West; and everywhere in this territory there will be a need to use cash. The banking system, the use of cheques, is already developed to a very high degree. I know of no probable change in the direction of increased economy in the use of our stock of money, except, perhaps, the establishment of a national clearing-house. I conclude, therefore, that in a normal and prosperous state of affairs, the United States will employ, at least for some years, a constantly increasing stock of the money metals.

Let us ask, then, what would have been the result if the proposition of the United States in 1878 had been accepted, if the coinage of silver had been free in the United States, if the United States had drawn to themselves silver instead of gold, what would have been the effect, I say, upon the state of business in Europe?

We have here a question of the highest importance, concerning which the honourable delegate of Belgium also shows himself somewhat indifferent.

I remember that, in a Conference of 1878, I found myself forced to reply to remarks made by the honourable delegates of Sweden and Norway in defence of the gold standard, that the experience of their country favourable to this system by no means settled the question what would be the situation of these countries if the Bank of England should find itself compelled to protect its gold reserve by an extreme elevation of its rate of discount. I remember also that, some weeks after the Conference of 1878, I read in the papers that precisely this event had actually occurred, in consequence of the exportations of gold to New York, and that affairs were taking a bad turn in the Scandinavian countries.

I ask myself whether it is possible that the great Bank of Belgium could be so entirely outside of the current of international business, that it can have been unconscious of the exportation of gold since 1878. I do not believe it, I cannot believe it. Indeed I should be astonished to learn that this great bank did not suffer considerable embarrassment, and that it did not employ its five-franc pieces with ability, as the astute bankers of Holland did, in maintaining its gold reserve. In fact, I may say that, if I am rightly informed, the silver five-franc pieces have made frequent and long journeys, have been sent about on every hand, have circulated with great rapidity between Belgium and France, at the instigation of those whose interest it was to hold back, to keep within the country the Belgian stock of gold.

It is therefore a vital question, gentlemen, what would have been the effect upon the business of Europe, if America in these late years had taken five-franc pieces at a stable permanent rate, a rate guaranteed by the civilised world?

In looking for an answer, gentlemen, let us place ourselves upon a still higher standpoint: let us ask what would have been the effect if neither Germany nor other countries had suspended the free coinage of silver?

In those questions, I think, will be found one of the most effective ways of getting at the root of the matter, especially as this point of view of the *status quo ante bellum* has hitherto been a little neglected.

Gentlemen, the existence of a money-basis for the business of the world is a fact; it is not an abstraction, it is a reality. At any given time there is just so much money in the

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world. On this foundation rest all valuations, all systems of credit, all investments, all business, all prices of merchandize and of real property. It is also a fact, gentlemen, and a fact which must be equally respected, that under circumstances which we can now regard as normal, this basis increases every year.

Here then are the two controlling facts, a certain quantity of money in existence and the need of an annual increase of this quantity.

You may say with Ricardo that if this base were half what it is; if for example, the world were using to-day 17 instead of 34 milliards of coin, money would render the same services to humanity as before. Gentlemen, this is absolutely true. Here, I admit, that the honourable delegates of Sweden, of Belgium, and of Norway are in the right. But gentlemen, this saying of Ricardo's is true in the same sense as it is true that if it had pleased the destiny, which rules these matters, to make us all a foot shorter than we are, men would still be men. The thing is conceivable, gentlemen, but it is not practicable.

So in the same way, if you suppress the intermediate steps, and strike directly for the result, you can say, "I find no inconvenience in a fall of prices. Indeed it would be very convenient, metallic money is so heavy, we have to use such large figures in money calculations. All that ought to be changed."

But, gentlemen, it is not the result, it is the means of arriving at it that is important. Of course I can say, if I wish to, that I should be perfectly content if I were to lose a foot of my height. But how are you to arrive at a height of five instead of six feet? Here is the question, here the difficulty, which the honourable delegates of Belgium, Norway, and Sweden seem rather to evade.

The world of business, the world of men of enterprise, the world in the midst of which men of force and of capacity act, is an organism; and the motive which urges these men to the production of wealth is the hope of receiving a little more than they give; it is the difference between the cost of production and the price at which sale is made afterwards which makes the organism move. When all the prices at which sales are made are falling, when the force of gravitation which rules the world slackens, there is less movement, there is less production, less consumption, less success in business; there is embarrassment, there is a prolonged crisis, or, what we call in English, hard times. When prices rise, on the contrary, there is always an encouragement to production.

To sum up the matter, gentlemen, I hope that all will admit that the great problem of monetary legislation is, and always will be, to maintain the stability of the international and national purchasing power of money. Here is the ideal, stability. Now the organism of business is such, that when money rises in value there is a tendency on the part of the man of enterprise to cease to create wealth; while when money is falling in value there is a strong tendency to induce him to increase his production of wealth. *Primâ facie* then, gentlemen, if it be absolutely necessary to choose between a fall or a rise in the value of money, we should choose the fall. If it be absolutely necessary to choose between a partial exhaustion of the mines and an increase in the annual yield of the mines, we must choose the latter.

Such, at least, are the conclusions at which I arrived five years ago, when I entered into monetary discussion. I have never had the honour since then of hearing any arguments which directly applied to the question as it then stood. I shall therefore beg my honourable colleagues of Belgium, of Sweden, and of Norway, to consider whether I am not right, *primâ facie*, as the question now stands; and whether the *onus probandi* does not rest upon their shoulders.

Now, gentlemen, the issue of paper money by the United States in 1862-3-4, and the issue of paper money in Italy in 1866, had the effect of reinforcing the movement towards that more than nominal enlargement of the money-basis of the world's business which took its rise in the mines of California and of Australia.

Already, after 1870, this movement was checked, the production of gold was diminishing, when a contraction of the money-basis was commenced in a different way. The various measures adopted in different countries with reference to silver coin and bullion, had the effect of sending a certain amount of silver to countries where the circulation is slow, of keeping a certain amount of silver in the condition of bullion, of embarrassing the circulation of silver coin; that is to say, of preventing existing silver coins from performing their duties as money in the regular way. The effect of the monetary policy of the Western World was therefore to contract the money-basis up to a certain point. But this effect was produced just at a period when, from my point of view, the enlargement of the money-basis through the paper money of the United States and of Italy had ceased to be operative, and when the annual production of the two metals did not, in all probability, exceed the normal need for the annual enlargement of the money-basis. It was just then that this attack was made upon the metallic stock of the world.

Primâ facie then, gentlemen, the persecution of silver had a great deal to do with the prolonged "hard times" which have followed 1873.

If answers could be made to the question which I have addressed to the delegates of the Conference with reference to averages of price, it would probably be found that the purchasing power of money has increased. But, gentlemen, with this you will not have taken account of all the loss. You will have calculated, so to speak, the *damnum emergens*, the actual loss, but will not have taken account of the *lucrum cessans*, the loss of profit, which might otherwise have been gained.

You observe, gentlemen, that I do not speak of the damage suffered by commerce between Europe, Asia, and South America. This point has already been fully discussed before

before the Conference. I ask you, therefore, for the moment, to eliminate this point from our consideration, as far as this can be done. It is of the production and of the investments of Europe that I speak. If it be desired to consider the question as it appeared in England, to English scientific men, I shall have the honour of presenting you with some investigations into the fall of prices in England as an Appendix to the Proceedings. (Appendix, p. 266.)

Gentlemen, I hope no one will suppose that by what I have said, I mean that the free coinage of silver in the Western World would have prevented the crisis of 1873. This is in no sense my meaning. I merely say that *primâ facie*, looking to the facts as they stand, the crisis would not have lasted so long, would not have been so intense, if the free coinage of silver had never been interrupted. It is no answer to reasoning of this sort to speak of the special events of the crisis of 1873, of speculations here and there, of railroads in America, and of stock companies in Germany: these are waves, gentlemen, very high waves, very disastrous waves: I recognise the fact; but what I am talking of is the existence of a tide.

Well, gentlemen, the tide is threatening us still. But it is the same tide which was threatening the world three years ago, when the United States convened the Conference of 1878. It was the duty of my country to contract the world's money-basis by accumulating a stock for the restoration of payments in coin. What part of the two milliards of gold, which constitute our total stock, must we attribute to the monetary policy which aims at the retirement of the greenbacks? This is a question into which I have not time to enter. It is a branch of the matter at issue between M. Pirmez and myself concerning the influence of monetary legislation upon the employment of different kinds of money. But I cannot suppose that M. Pirmez would maintain, that had the paper-money party in the United States succeeded in defeating the measure for resumption of specie payments, we should have had by this time the same stock of gold we have now. In any case, it will be necessary to ascribe to our monetary legislation the presence in the United States of a large sum of gold, the dividing up of which, at the present time, among European banks would, I think, produce a very agreeable effect in Europe.

Gentlemen, I do not believe that this second arbitrary and artificial contraction of the world's money-basis has had a good effect upon Europe. I may add, that in my belief, it is not merely an occasional rise of the rate of discount in Europe which indicates either the *lucrum cessans* or the *damnum emergens* of monetary policy; it is the direction taken by capital.

Now, as we have already seen, this diminution, this contraction of the money-basis never would have taken place if Europe had accepted the Bimetallic Union proposed by the United States in 1878; inasmuch as the restoration of free coinage of silver would have set free an amount of metallic circulation sufficient to supply the demand of the United States. Is there to be a third contraction? Is the ebbing tide to land Europe on the breakers which are ahead, but which may be covered by safe waters if the Bimetallic Union be formed? This Conference will, in the end, decide this question.

Meanwhile I ask you to think of a further contraction of the money-basis which is possible. The silver money of Europe, gentlemen, if it were sold in India, the five-franc pieces, the thalers! There you have a terrible contraction, the result of the propaganda for the Gold Standard, against which, in 1878, the voice of England pronounced itself so clearly by the speeches of Mr. Goschen. I must confess it seems to me that, even in 1878, to oppose the propositions of the United States was like dancing upon a volcano.

What were the motives, gentlemen, which led the United States to take the initiative, in order to replace the monetary dead-lock inaugurated by Germany (imitating England), by a new balance of power in the Western World?

I reply, that in the first place, the degradation of silver in the Western World acted, so to speak, as a conspiracy against us, the object of which was, to prevent us from putting an end to the paper money régime to which the civil war had subjected us.

I do not say that any one was conscious of being such a conspirator; I merely say, that if any one had desired to prevent the restoration of specie payments among a nation which had enormous debts, and an inexportable and depreciated money, he who should prevent silver from remaining an international money, he who should bring it about that the money-basis of the world should be contracted, would have made a great step towards his aim.

The blanket, gentlemen (to recur to the figure used by the great German statesman), would have been made narrower artificially, and there would have been no place under it for the United States. Convinced myself, five years ago, that the United States would, in any case, have the power to procure all the gold for which it would have need, I was persuaded that to contract by force, and by a considerable quantity, the money-basis of the world's business was a dangerous, perhaps even a disastrous course.

To conclude, gentlemen: our paper money, as you know, is not yet retired; our country, like the rest of the world, has suffered much; we have more than two milliards of gold, notwithstanding the non-retirement of the paper-money; and we are in a much stronger position than that which we occupied in 1876, when the discussion of the silver question began, and also stronger than that which we occupied at the date of the Conference convoked by the United States alone. But, gentlemen, we are still here as the representatives of a government which invites the Western World to form a monetary union, in spite of the fact, that this monetary union imposes upon us the condition of replacing a part of our gold stock with silver dollars coined out of melted European coin.

Eighth Session.
Mr. Dana Horton.
M. Cernuschi.

Gentlemen, we are very selfish in making this invitation. We still think that it is not desirable that the money-basis of the world's business should be artificially contracted, that the normal enlargement of this basis should be artificially prevented; and we think that the lack of a *modus vivendi* between gold and silver, concerning which so many able addresses have already been made before you, is injurious to commerce and to international investment, and hence to the world's prosperity. We do not wish to suffer ourselves through contraction, and through the absence of a stable par between gold and silver; but we still think that other countries have an interest in this monetary union at least equal to ours: indeed, we have a certain confidence that, in any case, we shall not suffer as much as the rest of the world.

It is our interest that other countries should be put in condition to do as we are doing, to put an end to the regime of paper, which is an unstable, inexportable money; and it is our interest that each specie-paying country here represented should procure, as the basis of its business, what it is not now, an international money, money of silver and gold, the most stable money of which history furnishes us an example. We believe, that if it could be done without too great a contraction of the money-basis of the world, without provoking serious disturbances in the economic world, the restoration of specie payments in Italy, in Austria-Hungary, in Russia, or the maintenance of their paper-money at par, would be a benefit for all countries which have relations with these powers; and we believe that the formation of a Bimetallic Union will advance the possibility of such progress.

In a word, it is our interest that the whole world should be prosperous.

You see, gentlemen, that a common-place of political economy is thus become the creed of a nation.

You see, also, that we have attained the *ne plus ultra* of selfishness. Our selfishness has continental dimensions; it extends from China to Russia, by the way of San Francisco and New York. In the words of the psalmist:—"Its line is gone out through all the earth; it is like the sun: its circuit is unto the ends of the heaven; and there is nothing hid from the heat thereof." For myself, I avow to you, I am so selfish, that when I think of what the formation of a Bimetallic Union may do for the progress of civilization, I am really pained at hearing discredit thrown upon the interest, the right to be heard in this matter, of paper-money countries like Italy and Austria.

But I can cite to you other instances of American selfishness. In 1776, for the colonists rebelling against the tyranny of George III., nothing was more important than to have it known why they rebelled; so likewise, gentlemen, Lincoln's proclamation freeing the slaves in 1862, was expedient as a means of giving new strength to the nation in its conflict with the rebels.

Here, therefore, you have before you two measures plainly of a nature to serve private selfish American interests, the Declaration of Independence and the Abolition of Slavery. Well, gentlemen, the Bimetallic Union belongs to the same family.

Do you suppose that the declaration of Jefferson, and the proclamation of Lincoln, would have been crowned with the same success had they meant nothing for humanity? No, gentlemen, you do not believe that; and it is in the fact which you thus recognize that you have a guarantee that the United States will not remain content without continuing their efforts to realize this union. As I have said to you, we are in a position to wait. Three years ago, we offered monetary peace to the great powers of the world; so at least, as one of the envoys who crossed the Atlantic to bring you our proposition, I, myself, interpreted it. The Great Powers preferred war; and they have had war. It is in the thoughtful and earnest utterances of M. De Normandie, in Sir Louis Mallet's noble address, in the magnanimous declaration of the German Empire, that we can recognize the melancholy truth.

For the United States, gentlemen, Christendom to-day, in this matter of the conflict of monetary systems, is so to speak, in a leonine partnership (*société léonine*), in which destiny has assigned to them the part of lions. If ever a people had the right to use that bitter irony, it is we, who can say *Beati possidentes*,—blessed are they that possess. Spoiled children of Providence, owners of a continent replete with wealth, inheritors of civil order, of liberty, of peace, if we desired to indulge ourselves in a selfishness that should be narrow and blind, we have now the opportunity. But we do not say those cruel words. If I must seek a formula, similar in form to that which we thus renounce, you will pardon me if I claim the right rather to say, as I had once occasion to say three years ago, *Benedictus qui venit in nomine veritatis*,—blessed is he that cometh in the name of truth.

Mr. Cernuschi, delegate of France, wished to offer a few observations in reply to the speech of Mr. Pirmez. He congratulated himself on the honourable delegate of Belgium having been good enough to credit him with logic. Logic, said Mr. Cernuschi, is in monetary as in mathematical matters the master quality, the indispensable guide.

But how are the other bimetallists less logical? Mr. Howe has said that Europe and the United States should definitively fix the international legal ratio between gold and silver. Sir Louis Mallet has said that the ratio 15½ must be adopted, and that ratio, henceforth accepted by all bimetallists, is even approved by the monometallists, such as Mr. Broch and the London "Economist."

Mr. Rusconi has rightly said you only wander at hazard as long as you are not agreed on the very principle of money. Money, it cannot too often be repeated, is not a commodity.

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It was invented expressly to serve as a medium between all commodities, just as the broker serves as a medium between merchants, yet is not a merchant. If the money metal had continued to be a commodity, we should be still without money. The money metal is not valued any more than the yard measure is measured. It is objected, indeed, that it may change value just as a yard measure of bad material may vary in dimensions. But that is an internal variation, so to speak, which is guarded against, as far as possible, by taking as money the two metals whose masses are least changeable, silver and gold, and by combining them by the bimetallic law, just as for a good pendulum several metals are employed whose variations of volume neutralise each other. But it must be repeated; money is no more bought or sold than the yard measure is measured. Were it otherwise, were money purchasable and vendible, there would be no money; there would be barter.

Until 1874 no producer or owner of silver in any country had ever furnished a kilogramme of silver nine-tenths fine for less than 200 francs, nor a kilogramme of gold for less than 3,100 francs. That was the ratio which France had made a matter of public and universal law, by coining for all comers any quantity of either metal at 15½. It is true that the English, subject to gold monometallism, had at one time and another required silver for Asia, and had come to search it in France, by means of a premium above the 15½ par; and again, that when they received bars of silver at London, and had no immediate use for it, they exported it to Paris to barter it for gold by means of a premium above the 15½ in the opposite direction, for the French gold; but these facts do not justify the statement that one metal was "cheaper" and the other "dearer." These facts prove that English monometallic legislation was inferior to French bimetallic legislation. Had England herself been bimetallic, she would not have paid premiums above the French rate now on silver and now on gold. Let England adopt international bimetalism, and those ridiculous expressions of "cheaper" money metal and "dearer" money metal will no longer appear either in books or in newspapers.

Mr. Pirmez, affirming that bimetalism cannot possibly be established in the future, and that the fixed ratio of 1 to 15½ could never maintain itself in the past, cites, in support of his assertion, the example of the Netherlands, Portugal, and the United States; but what is such an argument worth? What matters it that Portugal has vacillated, that the Americans have passed from the ratio 15 to that of 16, that the Netherlands were mistaken in adopting in 1816 the ratio 15·875, too favourable to gold as compared with the French 15½, and which made them a gold monometallic country, until legislation, in 1847, demonetised that metal? What matters all this if the French ratio of 15½ has everywhere and always governed the relative value of the two metals throughout the world? No other legislation has been able to survive or prevail. Two different ratios cannot co-exist on the globe. It is not possible for the two metals to circulate simultaneously here at 15½, and there at 15 or 16. The United States are quite aware of this. Their 15 made their gold emigrate to Europe, just as their 16 made their silver emigrate. This is an historical and undeniable proof that the 15½ could never be shaken; that until 1874 there was everywhere identity of value between 1 kilogramme of gold and 15½ kilogrammes of silver. Ask the Indian Treasury; it will tell you there was a constant par of exchange at 15½ between the silver rupee and the gold sovereign.

Mr. Pirmez has a perfect right to recall the reservations made by the delegates of Belgium in a monometallist sense in 1878, but as already indicated by Mr. Howe and Sir Louis Mallet, the work of that Conference has been judged by its fruits. It has perpetuated monetary anarchy, and that anarchy has caused the evil now suffered from, of which everyone complains, and which there is nobody who does not desire to remedy.

Mr. Pirmez and the monometallists threaten Europe with more terrible evils, with dreadful crises, if it listened to the counsels of the bimetallists, but are the bimetallists those who claim to make a monetary revolution? According to their opponents it would seem as if they were trying to introduce silver side by side with gold, whereas it is really the gold monometallists who have been trying to expel silver, and could not and cannot succeed.

Mr. Pirmez has drawn another argument from Hungary effecting her last loan in gold, and he has inferred therefrom the superiority of gold to silver. Strange reasoning! If the loan is in gold it is because the gold monometallists have succeeded by changing the laws in depriving silver of its old monetary value. The monometallists proscribe silver as international metal, and then when international operations have to be made with the only metal now coinable in Europe and the United States, they say silver is good for nothing. They do the mischief and then accuse their victim of it.

It would be well if Mr. Pirmez would consider afresh the balance of trade question. He denies it and denies its effects. Yet that balance is a reality. To take account of it one must consult not so much the statistics of incoming and outgoing merchandise as the actual departures or entries of money metal. Within a year steamers have taken several hundred millions of gold from Europe to New York. Can the balance of trade be denied? Why, is not almost the main function of metallic money that of settling international balances? Primitive nations, it is true, having no money, but being condemned to barter, did not pay balances of trade. They were ignorant of monetary crises, just as they were ignorant of railway accidents and steam-engine explosions. Would you revert to that rudimentary state when products were exchanged for products without a monetary medium, and consequently without the possibility of a commercial balance to receive or pay? Moreover paper money, national money, might suffice for purchases, sales, and loans between fellow-countrymen. Metallic money is an international necessity.

Eighth Session.

M. Cernuschi.
Mr. Evarts.

Mr. Pirmez does not deny the uneasiness of the countries with the so-called limping bimetallism, because the coined silver, though unlimited legal tender, is not like gold, freely coinable. He acknowledges that something must be done for them, but he rejects the only remedy by which they can really profit, non-limping bimetallism, and he proposes no substitute, for that name cannot be given to the suggestion he made of reducing the nominal value of silver coins. You might as well reduce the size of the notes in a paper-money country, or declare, for instance, that the 100-rouble notes shall henceforth be worth only 60 roubles. As for the paper-money States, it is idle to distinguish between their monetary policy and their financial policy. The two are only one, and without international bimetallism the resumption of specie payments is almost impossible in Italy, Austria, and Russia.

I can only beg the honourable Delegate of Belgium to submit in writing before our next meeting precise proposals as to the measures to be taken to put a stop to the present *morbus monetarius*, and I can only invite him to fix his attention on the fact that the heads of the great European banks, the Governors of the Bank of England, Bank of France, Bank of Germany, Netherlands Bank, and the Bank of Italy, are all without exception favourable to bimetallism.

Assuredly France is not the country most menaced. Her five franc pieces are henceforth unexportable. They cannot be put into the crucible without an enormous loss. They are in truth only a kind of paper money without international use. That is an evil, a great evil. But in point of fact France has not hitherto suffered from it. The five-franc pieces are at par with the gold francs, and indirectly with the pounds sterling. The French Budget shows no loss from the monetary disorder, whereas the Indian Budget for six years has been undergoing an annual loss of 20 to 30 millions of rupees, a loss entirely due to the disappearance of French bimetallism.

French merchants do not carry on the same enormous trade with Asia as the English. They have not to bear the losses and risks of a debased and always uncertain exchange. No petition has been addressed to the French Chambers praying for the re-establishment of the value of the rupee and the *tel*. A good harvest would suffice to stop the export of gold by Calais or Havre. France might wait. If she is bestirring herself, if she is labouring in concert with the United States for the monetary rehabilitation of silver, it is in the universal interest. She will certainly derive advantage from it, but that advantage will not be to the disadvantage of any other nation, just as the profits of other nations do not turn to her detriment.

Mr. *Evarts*, First Delegate of the United States, then addressed the Conference (in English) as follows:—

Mr. President and Gentlemen of the Conference,

The first disturbance in what was a satisfactory condition in the working of the money market of the world, became so by either a fortuitous or a circumspect consent which had obtained between the nations theretofore; the first disturbance in that condition of things grew out of the debates, and came as a sequel of a Conference that really had no function or duty in the matter which we now discuss. The Conference of 1867, meeting for and undertaking to treat that important consideration of convenience and utility, the unification of the coins used in the computations and the transactions of the world, naturally, under a scientific, a mathematical, a symmetrical consideration of the subject, felt that if there were but one metal money in the world it would be easier to have a universal system of coinage. Bent, with the zeal of their work, upon accomplishing that secondary result, and finding that the reduplicated impediments grew out both of the use of the two metals, and of the great diversity of coinage in the two, they thought that the way to get at a unity of coinage was to have but one metal in the service of the world for its money. This was a clear subordination of the end to the means; this was a sacrifice of money that could not be spared in its volume and in its force, in order that the symmetry of the mintage might be more conveniently attained. This was in the nature of a sacrifice of the great and manifold transactions of an open commerce to the convenience and the simplicity of the book-keeping which records it.

Unluckily this scientific appreciation fell upon two great countries under circumstances which hid, perhaps, from their eyes the mischiefs, and made of less consideration the responsibilities of an effort towards the demonetisation of silver. Germany, interested in its own unification, the great political transaction of our age, found political reasons why the unity of money in Germany was of great importance to the unity of society and of the State. Then this unhappy idea that, as the diversity was most in the silver, and the habits, antagonisms, and preferences of the people were most involved with the silver, if you would unify the money by having only the gold, the empire with its golden currency would easily master the suppression of the diversities of the inferior coinage. In the United States these ideas of the Conference of 1867 reached us when we were using neither silver nor gold, and when the public mind was inattentive to the consideration of so intimate, so comprehensive, so universal an influence upon all the interests of a State as a change in their money might exert. In the presence, then, of the fact that neither silver nor gold was the practical and present money in our daily use, the money in which we, to the common apprehension, had to accommodate our relations to the other nations of the world, the movement took place by the Act of 1873, a coinage Act as I understand it to have been; which, under this unlucky incident of regulating coin, has seemed to suppress one-half the intrinsic money of the State.

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In 1878 the United States, looking back upon their grave experience in relation to disordered money, looking forward to the great restoration of the firm footing of money on a metallic basis, which they had planned by legislation, and to which they were shaping their financial energies; and seeing that the question whether our currency at home could be made stable and safe in its relation to intrinsic money, and whether we could, in the anticipated renovation of our commerce, for which we were preparing, hold that share of the intrinsic money of the world that was necessary for our transactions of domestic traffic and foreign commerce; in this situation, I say the United States came to the conclusion that as there never had been a time in history when both silver and gold had not been necessary and been used as money, as there never had been a time in history when their united strength was more than adequate for the unfolding progress of society, so above all things, at this age and in the actual circumstances of the world was this true. In the immense development of representative or secondary money, in the immense expansion and the international relations of commerce, and in the multiplication of the daily uses of money brought about by rapid transportation and telegraphic communication, the attempt at a permanent basis for our domestic circulation and for our participation in the commerce of the world upon less than the broad basis, the united strength, firmness, and fixity of the two metals seemed a vain hope.

This led to our legislation of 1878. You will readily understand that in face of the movement in Germany, in face of the disorder apparent in the Latin Union system, in face of the discrepancy between the Indian circulation and the home circulation of England; it was not for the United States, however firm their faith, however assured their principles, to throw open their mint, as the only one in the system of Western nations, to the free coining of silver. We undertook then its limited coinage, we gave the coined dollars full legal tender faculty, but the mutation of the metal into coins was reserved to the Government. This method did not accredit silver as entitled to be turned by its owners into money by the stamp of our mint, but allowed only an acquisition of the bullion, and the conversion into coin by the Government on its own account. It is not necessary for me to allude to the diversity of political or economic opinions which led to the Bill taking the precise form it did. That it did not overlook, that it was made in full appreciation of an international situation, is proclaimed by that clause in the Bill which provided for the calling by our country of a Conference of nations on their monetary system. The problem that was too much for any one nation—the problem of a fixity of ratio between silver and gold, which should make one money out of the two metals for all the world, was to be made the subject of joint consideration by the nations most interested in that problem. The nations took at least no offence at this invitation, and the politeness of the French Government gave us all the hospitality for that Conference that they could have accorded to it had it been called by France. But, what was that Conference in its attitude either of hope or fear? What conclusion, what result flowed from it? Germany was not represented at all. England was present in the body, but absent in the spirit. France and its group of nations occupied only an expectant attitude. The United States found, to their appreciations, to the arguments by which they supported them, to their warnings, to their fears, to their hopes, no response that, by way of action or by way of assurance of action, they could carry home as a result. But we did obtain from the Conference this conclusion, this concurrent sentiment, that, if nothing could be done or promised in the direction which we desired the movement to take, nothing could be tolerated in the opposite direction; that the united nations entertained a hope that natural causes would bring a reaction to set things right, and that their best wishes for so desirable an end would accompany any efforts that the United States, or any other Power, might make to relieve the situation from its admitted difficulties and dangers.

The United States Government was not disturbed in its convictions nor swerved in its conduct by the imperfect treatment which the subject received from that Conference. It has gone on with its coinage, resumed specie payments, has had an unbroken progress in prosperity, in wealth, and in its greater and greater mastery of the money question. It is disturbed by no new troubles at home, but it has waited until the mischiefs of disordered money should make themselves more apparent to the appreciation, or at least to the responsibility, of the European nations; and now, how different an aspect from that of the former Conference does this assemblage which I have the honour of addressing, present to-day to the nations of the world. Germany is represented. Germany exhibits an appreciation of the disastrous outlook, and its desire that the money of the world should be put upon a better footing. Germany gives good wishes and sympathy towards the success of any such movement. But Germany, besides, proposes to take, by such means as are within its competency in deference to its domestic affairs, some share of the burden, to bring some force towards the energy which is to furnish relief, some contribution towards the result aimed at. I gather that, when a great Power like Germany sees an object to be desirable, commits to it its good wishes, gives it its sympathy, and promises its contributory aid, it is committed to the success or the failure that may attend the movement. It is not for a great Power to desire, to applaud, to approve, to give help to a movement among the nations and then to have it fail. It is not for a great Power in a common object, a common benefit, to be satisfied to contribute inadequate, inappropriate, or unseasonable means. Great Britain, for India and for Canada, presents most effective concurrence and most important aid in the propositions and in the movement which we have at heart. For itself, in words not of mere courtesy, but of substance and sincerity,

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Mr. Evarts.

Great Britain says by its own delegate, that it will lend an interested ear, give a responsible attention, to whatever this Conference shall propose. France, no longer expectant, is in full accord with the United States in the promotion of the Conference, in the matters, in the purposes, in the principles, in the *sine quâ non* upon which success depends. All the other nations are represented by able advocates and experienced men of affairs, who take an active part in the deliberations on the mischiefs, in an estimate of the methods of their cure, and show in all things a purpose to conciliate and not to aggravate differences of opinion or policy, and to reduce the opportunities of discord.

When the United States, too, presented itself at the last Conference, the aspect in which its participation seemed most to strike men was, that it was in promotion of interests that might be natural and honest, but were limited and special; I mean its production of silver, and considerations connected with its public debt. The magnitude of this debt, the necessity of its payment by what was the money of the bond; that is, by the silver or the gold money of the United States of ascertained weight and fineness, raised the suggestion that the performance of that obligation was expected to be assisted by remonetising silver, by placing what was called the inferior metal, the cheaper metal, at the service of the Government in the maintenance of the public faith.

Well, the representatives of the United States at the former Conference met, and answered those suggestions, and the course of things in the United States since, has dispersed all imaginations, even, of their special or sinister objects in the matter, into thin air. The question now put to us is, as is obvious everywhere in the progress of this Conference; the question now put to us is, "Why is it that in your wealth, your strength, your manifold and flexible energies and opportunities in the conflicts and competitions of the system of nations represented here, why is it that you feel concern for mischiefs which carry no special suffering or menace to you, or anxiety as to the methods of their cure, when you are so free-handed as to the methods and resorts at your choice? Why should these evils that have grown out of a short-sighted and uncircumspect policy, as you (the United States) think, why should you so persistently call upon all the nations to unite, and put yourselves, as it were, on the same footing of danger and solicitude with them?" The answer on our part is simple and honest. It needs no ingenuity to frame it, and it asks no special courtesy or confidence on your part to believe it. It is our interest in the commerce of the world, and we consider no question of the money of the world alien from that interest. Why should we not feel an interest, and an urgent interest, in the commerce of the world? We are seated on a Continent, so to speak, of our own, as distinguished from Asia and Europe. We are nearer to Europe and to Asia than either is to the other, and if there is to be a great battle between Eastern and Western commerce and a public and solemn war declared between the silver of the East and the gold of the West, who so likely to make the profit of the interchange between those moneys, and necessarily, therefore, of the interchange between the commodities that those moneys master?

But there is another striking position of our country, not geographical. It is that we more than all nations, perhaps first of all nations, in the history of the development of commerce, that our nation holds, in either hand, the great products of staples, of raw material, and the great, the manifold, the varied products of skilled industry, which we have developed and organised, and in which we contest with Europe the markets of the world. We propose to furnish the products of our agriculture, which feed in so great share the labourers of Europe and the machinery of Europe, as inexorable in its demands as the labourers, and we propose also to deal with the world at large in the skilled products of industry in every form applied to those raw materials, and prosecuted under the advantages of their home production. We contemplate no possibility of taking place with the less civilised or poorer nations, to sit at the feet of the more civilised and richer nations. We have no desire to place ourselves, on the side of skilled industry, in the position of a superior nation to inferiors, though they may depend on us for this supply. We occupy, quite as much as in our geographical position, in this aspect towards the different forms of wealth, production, and industry, an entirely catholic and free position, having no interest but the great interest that all nations, as far as money is concerned, should not be embarrassed in trading with us, and that we, so far as money is concerned, should not be obstructed in selling our raw products to the skilled nations of Europe, or the products of our industry to the consumers in less developed nations. Besides this equilibrium of selfishness, which makes the general good our good, we are free from any bias in the matter of the production of the precious metals, trivial as that is in comparison with the immense and fevid march of commerce. We produce the two metals equally. Out of the same prolific silver mines even, the same ore gives us 55 per cent. of silver and 45 of gold. How could you imagine a nation in regard to its production of the precious metals more indifferent as to which is made the master of the world? It is a bad tyranny that we resist. It is the possession of freedom and of power in the commerce of the world by the service of both these metals, in place of the mastery of either, that we advocate.

What then are the functions and service of money, not in the abstract, but in reference to the actual development of the industries and commerce of the world? What in the present and what in the near future are the conditions under which this office and service of money are to be performed? What are the impediments that exist either in the natural properties of the metals or in the habits, the associations, the repugnances, the preferences of mankind? What in its history, what in its institutions, are the embarrassments

ments in regard to what as an abstract idea every one must applaud and every one must maintain to be a desideratum, a fixity of the unit of money all over the world? What, in a word, has already been done in the progress of affairs towards this desideratum? What remains to be done? What is there within the resources of courage and wisdom in the voluntary action of the nations? What is it competent, within the courage and wisdom of this Conference, for it to propose that shall accomplish, or shall promise, or shall tend to accomplish this great result of placing the money of the world abreast with its burdens and responsibilities and untrammelled in the discharge of them?

It is hardly necessary to recapitulate the principal duties of money, but they have always been of a nature that presented itself in a double aspect. From the time that money needed to be used in any considerable volume, and for any considerable debts among the advancing nations of the world, there never has been a time in which the money for man's use did not present itself in reference to its service and duties in two aspects. One is to deal with the petty transactions of every day and neighbourhood use, where the smallness of transactions required money susceptible of easy division. The other for a transfer in larger transactions required money to be used in the mass, and with a collective force, money that was capable of easy multiplication, and of easy management in aggregate values. But besides that, there soon came to be a use of money between the distant parts of one country and between distant countries, and so, an opportunity for disparity in the treatment of money in these opposing aspects, with no longer a common sovereignty that could adjust them one to the other. In the progress, so rapid, so vast, so wide, of the interchange of the products and industries of the world, there came to intrude itself, more and more necessarily and familiarly, the elements of distance in space and remoteness of dates of beginning and closing transactions. These developments of commerce alone embarrassed both of these moneys in the discharge of their double duty, were there no exposure to discord between themselves. But long ago this ceased to be the limit of the trouble. The actual service of intrinsic money in the transaction of the petty traffic and the great commerce of the world, in providing for its own transfer from place to place, within a nation, or from country to country, across the boundaries or across the seas, made it impossible for the volume of both the metals that the bounty of nature could yield to the urgent labour of man, to perform the task. Every form and device of secondary money, of representative money, which the wit of man could compass, and which could maintain its verity as money by its relation to the intrinsic money of the world, was brought in to relieve the precious metals from the burden under which, unaided, they must have succumbed. All these forms, whether of bills of exchange to run between country and country, or of notes or chèques at home, or of paper money, all are but forms of credit. While, then, they relieve intrinsic money from the intolerable burden of actually carrying the transactions of the world, they burdened it, so to speak, with moral obligations which it must discharge. All this vast expanse of credit in the developed commerce of the world, rests finally upon the intrinsic money of the world, and if you would have fixity, unity, and permanence in the credit operations of the world, there must be fixity, unity, and permanence in all the intrinsic money of the world upon which that credit rests. This credit is, almost without a figure, a vast globe, and this service of the precious metals to sustain it is that of an Atlas, upon whom the whole fabric rests. The strength of both arms, nerved by a united impulse of heart and will, is indispensable; neither can be spared. Consequently, if there should be any considerable failure in their force, or any waste of it by antagonism between the metals making up the intrinsic money of the world, the credit of the world is deprived of what nature in supplying the two precious metals, and human wisdom in regulating them, together, are competent to supply for its maintenance.

In the deliberations of the former Conference and the agitation of the subject since, in the several countries now engaged to concert anew some method for relieving the existing difficulties, all these general traits of the subject I have named, all these burdens, and all these essential ideas seem, in the abstract, to be commonly accepted by the world. Nature has given and still supplies us with adequate material for our money as its share in the proposed transaction; reason has been developed, the power of government in the nations convened, has been brought to its highest force, not of caprice or of dominion, but of the expression of the will and of the wisdom of the people themselves. With these resources for its correction, our first duty is to look at the nature of the evil and its extent. A very interesting and very clear-sighted examination of the subject, in this light, has been presented to us by the honourable Delegate from Belgium, Mr. Pirmez. He naturally and wisely has thought that, as preliminary to the provision of means for correcting the mischief, we ought to be sure that the mischief exists. The view presented with so much interest and force by Mr. Pirmez, was to bring this into doubt, and bid us to consider whether we are not really under some serious misapprehension respecting the gravity of the situation. A story is told of one of my countrymen that, alarmed at home, by failing eyesight, and frightened into a dread of blindness, unwilling, even, to admit to his family or friends the possibility of such a calamity overtaking him, he took passage for Europe, to be able to consult the famous oculists on this side of the water, on his disastrous condition, without revealing it at home. The oculist relieved his fears at the expense of his intelligence. He assured him that so far from cerebral or nervous disease causing his difficulty, and threatening him with greater calamity, all that ailed him was that he had reached a time of life when the sight needed to be reinforced by spectacles! Now, we delegates of the United States, it would seem, have come across to this

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this Conference to learn that all our anxieties will be dispelled by the simple remedy of putting on Mr. Pirmez's spectacles; that, seen through them, all the disorders which had excited our solicitude will disappear.

But, after all, Mr. Pirmez is scarcely willing to treat the anxieties and fears of the nations as wholly chimerical. His division of the countries into three groups, whose distinctions he describes, at least admits a difference in the degrees of satisfaction and safety in which they may safely rest. Mr. Pirmez thinks that his first group, that is, the gold nations, are in all respects safe, secure, contented; that they see no reason to change, and give no prospect that they will change; but then, this group of gold nations really ends with the Scandinavian States, Sweden, Norway, and Denmark, and with Portugal. Their repose and serenity, it is said, is due to their shelter under the protection of the gold theory. It seems to me rather that these fortunate nations enjoy the happy position which Homer's famous simile has made known to mankind, of those who from a high promontory watch the naval engagement below in its dangers of battle and of shipwreck, secure against either. It seems to me that when he comes to apply his proposition of the gold basis being safety, it limits itself to those nations who, happily for themselves, are not largely involved in the strifes or vicissitudes which attend the vast transactions in which the capital industries and commerce of the great nations are involved. No doubt their health, their repose, their serenity are just subjects of satisfaction to themselves, and of envy to their troubled neighbours. Nevertheless their experience does not go far to solve the question whether resort to the gold standard will help those who need help. "They that are whole need not a physician, but they that are sick." When we turn from this ease and serenity to the discomforts and dangers that affect countries like England, the great gold nation, and Germany, the recent convert, it is admitted that there is disturbance, that there is anxiety, that there is dislocation, that there is need, and that there is hope of an improvement in their money system.

Another of Mr. Pirmez's groups is that of that of the paper-money countries, which include two of the Latin Union States, Italy and Greece. These too are as much in repose and have as few solitudes, Mr. Pirmez thinks, as the Scandinavian countries, but for the opposite reason; for, if the first group, the Scandinavian, are in health, the second group, the paper-money States, are in collapse. We have then nothing left but the great nations still holding specie payments, and struggling to master the problems both of money and of commerce, which, he says, are affected more or less, but not so much as they suppose. His explanation of our being disturbed and solicitous is that France, the Latin Union, Germany, England, and the United States, for I suppose we fall within this group, is that we have still in our system the virus and the infection of the double standard. It is the legacy which we have inherited from that standard that mars the peaceful simplicity and harmony of action in our monetary affairs, the want of which makes us dissatisfied; this being so, Mr. Pirmez triumphantly exclaims, "If you are suffering from too much silver, what a strange proposition it is that you make to improve your condition by increasing the amount of it." But our proposition, even if we accept his statement of the mischief now played by silver, if applied to the facts of the situation as he construes it, would be: "We are suffering, the world is suffering, from discredited demonetised silver, and the remedy that we propose is to accredit the discredited and rehabilitate the demonetised money." The tables cannot thus be turned upon us. No man can charge upon the bimetalists the responsibility of wanting more discredited or more demonetised precious metal in the world.

We must, then, proceed with our deliberations to find a remedy for acknowledged evils and evil tendencies. Even Mr. Pirmez's cheerful estimate of the situation scarcely satisfied him that there might not and should not be some improvement in the condition of things. I am sure it did not satisfy this Conference, nor will it the nations whom we represent, that our service and our deliberations are superseded by the disappearance, under our debate, of the mischiefs in the monetary condition which we were called together to meet and correct. I need hardly argue that if the nations here represented, 15 States in all, if their delegates recognise the fact that there are evils now present, that there are greater evils threatened, then it becomes us to undertake to advise these governments, and it becomes these governments to take such action as their wisdom and responsibility suggest, to correct these mischiefs and reduce the disorder in the money system of the world by such means as they shall approve as most suitable, most promising, for the desired result. Now, there are but two logical methods in which this disorder between gold and silver, this depreciation of their general and combined functions, this struggle between them, can be put an end to. One is to admit as the intrinsic money of the world only one metallic basis, and to drive out, extirpate, as a barbarism, as an anachronism, as a robber and a fraud, the other metal, that, grown old in the service and feeble in its strength, is no more a help but a hindrance and a marplot. That is a task that might be proposed to the voluntary action of nations, and if the monometallic proposition be the true one, that is the logical course to which the nations we represent ought to resort, unless they take the only other logical alternative, that is, to make one money out of the two metals, to have no two standards, or kinds of money, but one money, adapted in its multiples and divisions to the united functions of the two precious metals.

I have said that these two are the only logical methods. There is another method, and that is, in despair of making one money out of the two metals, to make two moneys out of them. This project is, not to discard either from the service of mankind, but to separate them and so mark them as that they shall not occupy the same regions, but divide the
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world between them. For the working of this scheme, it is proposed that, in some fashion, a partition shall be made among nations or sets of nations, and a struggle for the metals be set on foot, to reach an equilibrium or alternating triumph, or undergo such fluctuations or vicissitudes, or enjoy such a degree of permanence, as fortune, out of the chaos, may offer to mankind. This scheme might well be defined as harmonious discord and organised disorder. But this is nothing but a conclusion that although there is an intolerable evil it is not within the compass of human wisdom, or human strength, or human courage, to attempt to remedy; this conclusion would leave things to take care of themselves. This notion found expression in the sentiments declared, by some of the Powers, at the Conference of 1878. The hopeful expectation that was then indulged that things would take care of themselves, has not been realised. Experience, since, has shown an aggravation of the mischief, a continued and widening extension of its pressure, and produced another appeal to the wisdom and courage of the nations to redress it, under which this Conference has been convened.

But there is, confessedly, a great difficulty in arranging this partition of money among the nations. I will not enlarge upon that difficulty; it has already been sufficiently pointed out; it is inherent and ineradicable. Its terms cannot be expressed by its champions; sometimes it is spoken of as a division between the Asiatic and the European nations; sometimes as a division between the rich nations and the poor nations; sometimes as a division between the civilised and the less civilised nations. There seems to have been an easy confidence that these groups could be satisfactorily arranged for a reasonable equality in this battle of the precious metals. But I have been puzzled to know, and no one has distinctly stated, where the United States were to be arrayed. No one has ventured to determine whether they were to be counted as a rich nation or as a poor nation; whether as an Asiatic or a European nation; whether as a civilised nation or an uncivilised nation. Yet I think it would be no vain assumption on the part of the United States to feel that any settlement of the money questions of the world that leaves us out and our interest in them, and our wisdom about them, will not be the decree of an Œcumenical Council, or establish articles of faith that can be enforced against the whole world. The notion seems to be, that the nations that sit above the salt are to be served with gold, and those that sit below the salt are to be served with silver. But who is to keep us in our seats? Who is to guard against an interruption of the feast by a struggle on the part of those who sit below the salt to be served with gold, or of those above the salt to be served with silver? This project purports to have neither wisdom nor courage, neither reason nor force behind it. It is a mere fashion of speech for saying that we cannot by human will, by the power or the polity of nations, redress the mischief, but that we must leave the question to work itself out in discord, in dishonour, in disorder, in disaster.

This brings us fairly to consider how great the task is which is proposed for reason and for law to accomplish. How much is there wanting in the properties of these two metals, how much is missing from the already existing state of feeling, of habit, of the wishes and the wisdom of the world at large, and in the common sense of mankind, as exhibited in history or shown to-day, that stands in the way of the common use of the two precious metals to provide the common necessity of one money for the commerce of the world?

The quarrel with nature seems to be with its perverse division of the necessary functions of money between the two precious metals. In their regret that nature has furnished us silver and gold, with the excellent properties of each, instead of one abundant, yet not redundant, metal that would have served all purposes, the monometallists strive to correct this perversity of nature, by using only the not abundant gold and discarding the not redundant silver. Well, I do not know but one might imagine a metal, a single metal, that would combine all the advantages which these two metals, in concert, have hitherto offered to mankind. It may be within the range of imagination to conceive of a metal that would grow small in bulk when you wanted it to aggregate values, and grow large when you wanted to divide it into minute values. Yet, as I think, the mere statement, to the common apprehension of mankind, describes what we should call a perpetual miracle, and not an order of nature. Now, if such a metal is a mere figment of the imagination, if no such metal with these incompatible qualities is found in *rerum natura*, how are we going to dispense in our actual money with that fundamental, inexorable requirement of intrinsic money, a physical capability of multiplication and of division to serve these opposite uses? Why not, then, accept the reason, accept the duty of treating these two metals, in which, combined, nature has done the utmost for this special need of man, by supplying, by the *consensus* of positive law, that single *nexus* between them, that fixity of ratio, by which they two shall be one money at all times and everywhere; by which silver, when its multiplication becomes burdensome and unmanageable, loses itself in the greater value of gold, and gold when its division becomes too minute and too trivial, breaks into pieces of silver. What nature, then, by every possible concurrence of utility, has joined together, let no man put asunder. It is a foolish speculation whether, in *rerum natura*, a metal might have been contrived combining these two opposing qualities. Let us accept the pious philosophy of the French bishop, as to the great gift of the strawberry,—“Doubtless God Almighty might have made a better fruit than the strawberry, but doubtless he has not.”

This brings us to the essential idea which lies at the bottom of this effort at unity of money for the nations, the capacity of law to deal with the simple task of establishing a fixed ratio between the metals, so that their multiplication and division should make but a single scale. This, Mr. Pirmez would have us understand, would prove an ineffectual

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struggle of positive law against the law of nature. It is thus he denounces the attempt at a practical *nexus* between these metals by reason, which could not be supplied by the physical properties of matter. To me, it seems to require no more than law and reason and the wit of man can readily supply, and have constantly supplied, in innumerable instances, and it should not be wanting here. The reason of man must either, in this instance, take the full bounties of nature and Providence, or must reject them, as the gross and ignorant neglect all the other faculties that are accorded to human effort and to human progress by the beneficence of God. Bring this matter to the narrowest limits. Here is a gap to be filled. Shall we supply it? Will you insist upon what is called one standard, and have two moneys, or will you insist upon two standards, with the result of one money? But one money is the object. All question of standards, one or two, is but a form and mode by which we may reach what we desire, one money. I insist, and challenge a refutation, that at bottom the theory of a gold standard is the theory of two moneys. It is the theory of discord between the metals. It is the theory of using one to buy the other, and robbing the exchange of commodities of what it requires to the utmost, the double strength, the double service of the two metals to buy and sell, not one another, but the commodities of the world.

But it is said that this pretence that law can regulate the metals in their uses as money involves a fundamental error in this, that money is itself a commodity and that law cannot regulate the ratio of the two metals as money any more than apportion values between other commodities. Well, silver and gold as they come from the mine no doubt are commodities. There might be imagined a metal that, besides having all the qualities which make it useful to men for money, might also miss all the qualities that would make it useful for anything else. You might have a metal suitable in all the physical properties of gold and of silver, that was neither splendid for ornament, nor malleable, nor ductile for use; you might have a gold that did not glitter to the eyes, and a silver that would not serve to the use. In such case the confusion between gold and silver money and gold and silver in their marketable uses, would be avoided. But, as a matter of fact, besides the good qualities which benign nature has infused into these metals for our service as money, they have as well the properties which make them valuable in vulgar use. These latter uses no doubt in the infancy of mankind directed attention to the recondite properties which fitted them or the institution of money, which later ages were fully to understand.

Although then the precious metals in their qualities as metals may remain commodities whenever the act of the law, finding in their properties the necessary aptitudes, decrees their consecration to the public service as money, it decrees that they shall never after in that quality of money be commodities. In the very conception of money it is distinguished from all exchangeable, barterable commodities in this, that the law has set it apart, by the imprint of coinage, to be the servant of the State and of the world in its use as money, and to abstain from all commixture as a commodity with the other commodities of the world. Wherever and howsoever this ideal of money fails to be real, it is because the law is either inefficient, within its jurisdiction, which is its disgrace, or because its jurisdiction is limited territorially and its vigour fails beyond the boundaries. In the latter case I agree, silver or gold in the shape of the coinage of one country or another may become merchandise to be bought and sold in other countries as a mere money metal. Manifestly these exposures to demonetisation beyond the boundaries, because the legal force which has made the metal money, stops with the boundaries, is the main cause of the mischiefs in the monetary system of the world which needs redress. The cause understood the cure is obvious. It is to carry, by some form of consensus among Governments, the legal relations between the two metals in their employment as money beyond the boundaries of separate systems of coinage. These legal relations between the metals once fixed no important evasion of it would be possible, and no serious disturbance of it could arise from diversities of coinage. It is for this result and by this means that we are striving.

But law it is said is inadequate in its strength, in its capabilities, in its vigilance, in its authority, to accomplish so great, so benign a result. It was accomplished up to the year 1870 by even the informal concurrence among the nations which till then subsisted. The spirit of the present age has led to manifold international applications of positive law on other subjects than money, while there is no subject to which its application is so important or, within limits, so easy as money. For want of this consensus, the necessary conception of money, the institution of money, the consecration of money is defeated, *pro tanto*, when any portion of the money loses its prerogative and incommunicable function of buying and selling all, and becomes purchasable or vendible. Whenever any portion of the money which should be used as the solvent for the exchange of commodities turns into a commodity, it thereby not only diminishes the force and volume of money, but adds to the weight and volume of exchangeable commodities. It is as little a condition of health, and may lead to as great calamities, as if the fevered blood should burn the tissues of the vital channels through which it circulates, or as if the coats of the stomach should turn to digesting themselves.

To me it seems certain that the nations must contemplate either the employment of the two metals as intrinsic money of the world, upon a fixed efficient concord and co-operation between them, or their surrender to perpetual struggle, aggravating itself at every triumph of one over the other, and finally ending in that calamity which overtakes, sooner or later, those who care not to use the bounties of nature according to the gift and the responsibility

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of reason. I can see nothing valuable in the treatment of this subject which would leave the broken leash that so long held together these metals, to be repaired by chance, or the contest to be kept up at the expense of that unity, concord, common advantage, and general progress among nations, which is the ideal and the hope, the pride and the enjoyment, of the age in which we live.

Mr. Pirmez, however, would have us understand that this simple law of fixing the ratio between the metals, to be observed among concurring nations, although this consensus should include all the nations most engaged in the interchanges of the world, would be powerless, because it would be opposed to the law of nature. The law of nature, no doubt, has made two metals, but according to the best inspection of them by science and common sense, the law of nature has made them as little diverse as possible, compatibly with their best use as money. I agree that there may be foolish laws. There may be laws theoretically wise, but which, by the lawgiver not computing the difficulties to be overcome, or the repugnances that will resist their execution, are unwise for the time and the circumstances to which they are applied. I believe, as Mr. Pirmez does, that an ill-matched struggle between arbitrary decree and the firm principles of human nature will result in the overthrow of the law. But that doctrine, at bottom, if you are to apply it without regard to the very law and without measuring the actual repugnance and resistance it has to meet, is simply impugning civilization for having fought with nature as it has done from the beginning. We had, some years ago, a revenue law in the United States, called forth by the exigencies of war expenditure, by which we undertook to exact a tax of two dollars a gallon on whisky; yet whisky was sold all over the United States, tax paid, at 1 dollar and 60 cents a gallon. This was a case of miscalculation of how far authority could go against a natural appetite and a national taste. When we reduced the tax to 60 cents on the gallon, the law triumphed over this opposition of appetite and cupidity, and produced an immense revenue to the Treasury. It is the old puzzle how to reconcile the law of nature, that abhorred a vacuum, with its ceasing to operate beyond 33 feet in height. This was solved by the wise accommodation between philosophy and fact, that nature abhorred a vacuum, to be sure, but only abhorred it to a certain extent. As I have said, the informal, the unconscious, the merely historical and traditional consensus of mankind made and maintained an equilibrium between the metals among the nations up to 1870. With more vigorous aid from positive law, that "written reason," which, Mr. Pirmez says, is all the law there ever is or can be, I cannot but anticipate the suppression of the discord and struggle between the moneys of the world which now trouble commerce.

In my judgment the progress which has been made here, the comparison of opinions, the indication of the interests of governments behind, all point to a general desire for a good result from our deliberations which is an augury of success, for "where there's a will there's a way." I cannot believe that England can long occupy the position of estrangement from either of the systems about which we debate. The British Empire is neither monometallist nor bimetalist, but bimonometallist. The British Empire cannot be monometallist gold, nor monometallist silver, throughout its length and breadth. Its present position of bimonometallism is entirely inconsistent with reason and with government. It must be bimetallic sooner or later, for it cannot maintain the permanent position of a house divided against itself, which cannot stand.

At this stage, then, of the deliberation, without entering into a discussion of details, it seems to me that the moment is most opportune and the spirit most excellent for a recess for some weeks. In this interval we may expect a definite and practical consideration by the various governments, of what the duty and interest of each require from it towards the common end they desire.

At the end of this address the Conference declared the general discussion of the questionnaire closed.

Mr. Moret y Prendergast, Delegate of Spain, asked leave to submit a motion for adjournment. The general discussion being closed, he had no doubt this proposal would obtain unanimous assent, but it seemed to him well to specify in a few words its bearing and object.

The Conference, said Mr. Moret, heard at its second session declarations so important that several delegates thought there was ground for at once suspending the sessions, in order to give their respective Governments the option of sending them fresh instructions, or even of entering into direct negotiations.

Those declarations, it is well known, were made by the German delegates, to which have since been added Baron von Thielmann's oral explanations and the suggestions offered to the Conference by the delegate of Russia. Moreover, the delegates of England have assured us of the friendly reception reserved by the British Government for any suggestion tending to improve the situation of the monetary market; and Mr. Gladstone himself has confirmed these sentiments in the House of Commons.

This combination of facts allows the hope of an understanding, an understanding difficult, perhaps, but possible, and above all desirable. It is possible, for it seems from the brilliant defence of monometallism made at the Conference, that that doctrine has lost a little of its former rigour and inflexibility. Its champions appear to admit the establishment of a universal monetary system, which, so far from being opposed to the use of silver as money, tends on the contrary to restore the value of that metal.

Can this scheme be realised? We cannot yet pronounce on this point, but it is certain that

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that if all were imbued with the ideas which have just been developed with so much eloquence by the chief delegate of the United States, we should arrive much more speedily than is perhaps imagined at a satisfactory solution. From the moment the idea is admitted of a two-metal monetary system, setting aside the question of the single and the double standard, an understanding may have become comparatively easy.

It is, at any rate, supremely desirable. The remarks of Mr. Luzzatti, the information given by Mr. Denormandie, the observations offered by Sir Louis Mallet as to the situation of India, all prove that a monetary danger hangs over the civilised world, and that that danger may at any moment become a disaster unless there is the courage or skill requisite to ward it off; no doubt if we examine the situation of each State separately, we may, like Mr. Pirmez, arrive for most of them at optimistic conclusions; but, if after examining the situation of each country singly we look at the whole, we see immediately that the slightest derangement may bring on a crisis. It frequently happens on the eve of epidemics that sanitary statistics show the best state of health; now there is in the present state of Europe in reference to money a germ of malady and trouble, namely, the rupture of the equilibrium, the severance of the bonds of solidarity which formerly existed between States. Germany severed them by her monetary reform of 1871, and has been the first to suffer therefrom, but the rebound may be felt far beyond her frontiers. Suppose another year's bad harvest, and France obliged to import part of her food from abroad, silver not being international money, she would have to pay for it in gold; that gold the Bank of France, no longer having it in sufficient quantity, would apply for to the Bank of England; but the Bank of England in turn seeing its gold stock diminish would raise the rate of discount perhaps to 12, 14, or 16, to those panic rates, in fact, which lead to incalculable disasters. We should then have one of those terrible crises from which, to use the expression of an illustrious man, one can only emerge by marching over corpses, and the pernicious influence of which is felt by the whole world.

No doubt it is to be hoped and desired that these pessimist forebodings will not be realised; but the contingency to which they refer is none the less possible, and that possibility is enough to make all the Governments desire to protect themselves from such dreadful hazards by seeking an understanding with a view to the rehabilitation of the white metal.

Can they do this? This question is no longer within the jurisdiction of the delegates but of that of the governments they represent. All that the Conference can and should do at present is to testify before adjourning that by the confession of all the delegates there is something to be attempted; it is to affirm on separating for some weeks, its resolution of resuming its deliberations at a fixed and early date, with fresh and fuller instructions; it is with this idea, already suggested by Mr. Seismit Doda, that I submit to the Conference the following resolution:—

The Conference having listened to a general discussion; having considered the monetary situation from an international point of view; in view of the declarations which have been made on behalf of a certain number of governments; considering that several delegates have evinced a desire for a temporary suspension of the sessions, so as to refer to their governments, in order that the latter may be in a position to pronounce on the propositions which have been formulated within the Conference, and on the resolutions to be taken for co-operating in the rehabilitation of silver.

Resolves, The sessions of the Conference are suspended from the 19th May to the 30th June next.

The delegates will consequently resume their sessions on the 30th June, at Two o'clock, at the Ministry of Foreign Affairs at Paris, without need of fresh convocation.

The discussion being opened on the proposal of M. Moret y Prendergast,

Lord Reay said,—

M. le President, Gentlemen,

I think that before separating, it will not be irrelevant to define precisely the situation in which we now find ourselves. If, on the one hand, it is clear that neither monometallist nor bimetalist has been shaken in his convictions, it is clear on the other, that both monometallists and bimetallists have learnt to respect each other.

The excellent speeches which we have heard will be valuable contributions to the progress of economic science. On our next re-assembling, however, it will be necessary to follow up the vain efforts which we have made to convert each other by a more successful attempt to establish an agreement which shall take into account the different systems adopted by the different governments.

With one or two slight exceptions, the general inconvenience of the existing state of things has been recognised. Its victims are to be found both in bimetallic and monometallic countries. So far, neither of the systems has succeeded. In this state of things it is clear that the concert which it is wished to establish, must either be made between the Powers which desire to remain monometallist, and those which are or tend to become bimetalist, or not be made at all. Coming to practical steps, it appears to me that, in the first place, it would be important to approach the Government of His Imperial and Royal Apostolic Majesty, with a view to obtain its adhesion to the union which the United States and the Latin Union desire to establish. The concurrence of Austria-Hungary would be of the very highest importance in giving to the States above-mentioned

mentioned a powerful support for the realisation of their wishes, even though Austria-Hungary should not substitute at once specie payments for its paper money.

I should like also to submit for your consideration a proposal for asking the opinion of the principal Banks of Issue in the different States. It is obvious that, even in the States which have a single gold standard, these institutions could render valuable assistance in the operations resulting from a resumption of the free coinage of silver in other States. The eminent men who direct them, and we must not forget that the Imperial Bank of Germany is directly subject to the Chancellor of the Empire, could remove many of the difficulties which would attend the Governments who undertook to rehabilitate silver. The distinguished statesman who represents Sweden, said, that we were not diplomatists, and the delegate of bimetallism replied, that bimetalists were philosophers. I willingly accord to M. Cernuschi (whose complete devotion to the cause which he adorns I admire) the name and fame of a philosopher. Moreover, as public prosecutor of bimetallism, he has indicted Great Britain and India for having committed the double crime of monometallism in Europe, and monometallism in Asia. The fact that gold has been adopted in one continent, and silver in the other, does not even constitute an extenuating circumstance in his indictment.

But, gentlemen, to avoid the danger which threatens us, we want something besides philosophers and philosophic theories; we must have diplomacy; on our re-assembling we must lend an ear to the monometallic and bimetallic statesmen, in order to effect a *modus vivendi* between the Powers adhering to the different systems. The habits of English statesmen tend to make them consider facts, to seek rather what is relatively possible than what is absolutely impossible. If it is desired to embark on the enterprise of introducing the bimetallic system into the United Kingdom, you cannot do better than practise what you preach, and begin the task by introducing bimetallism at home. India has suffered for the monometallic cause; it would be another glory for the bimetalists to accept, in order to inaugurate the universal reign to which they look forward, the slight burden of some inconveniences, which, on their own showing, will be only temporary. The surplus in the French budgets, and the brilliant conversion of a portion of their debt just effected by the United States, establish in a most remarkable manner that their marvellous financial position is strong enough to permit of their making the experiment of bimetallism.

On the part of Great Britain and India, I must decline both the extreme honour and the extreme disgrace which the partisans and adversaries of bimetallism confer upon them when they pretend that with these two Empires all is possible, and without them nothing. Her Majesty's Government has testified, on many occasions, its desire to create and maintain intimate relations between the different Powers. It is convinced that these relations are a guarantee for the peace and prosperity of the nations. Its resolution not to join a bimetallic convention is inspired neither by selfishness nor by a disregard for the interests of other countries. I flatter myself, gentlemen, that you will render justice to the Government of my august Sovereign, and that you will not forget that the commerce of the world enjoys in her country a freedom from duty and obstruction which is certainly far from being either selfish or universally adopted. In matters of free trade it did not wait for the co-operation of other countries to apply principles which it believed to be true. Be assured, also, that if you succeed in giving practical effect to the principles of bimetallism without our co-operation, we shall be the first to render to you the homage which has always been paid in my country to any work which has for its object to draw closer the bonds which unite nations.

The great problem, gentlemen, which we have to solve cannot be determined in a moment, and there is no reason for discouragement in the conviction at which we have arrived, that all the Powers are not of the same opinion. It is not in ignoring the difficulty, but in recognising it, that we can overcome it. The delegates of the United Kingdom, of India, and of Canada, will have the honour of sharing in your further labours, animated by the generous instincts with which we have been hitherto guided, and which are the best guarantee for the ultimate success of an agreement which will not perhaps realise all the dreams of theorists, but which will be worthy of the statesmen from whom we ask it, and on whose co-operation alone it depends.

Mr. *Seismit Doda*, First Delegate of Italy, seconded the motion of the Delegate of Spain.

Count *Kuefstein*, First Delegate of Austria-Hungary, stated that he did not oppose the proposition, but he expressed a fear that the 30th June was too early a date to allow the various Governments to provide themselves with all the requisite information, and to address to their delegates the fresh instructions which the latter might require.

Mr. *Vrolik*, First Delegate of the Netherlands, declared his concurrence in this opinion. He thought it would be well, while adopting in principle the adjournment to the 30th June, to indicate that if meanwhile the necessity of a longer suspension of the sessions were perceived, the resumption of the labours of the Conference might be postponed by common accord by the two Governments which had convened it. He consequently proposed to supplement the motion of the delegate of Spain by the addition of the following paragraph:

"If, however, in the course of June, events occur rendering it probable that the Conference would attain better results if assembled at a later date, the delegates of France and the United States shall have the option of convening it for a later date."

Eighth Session.

The *Delegate of Norway* declared his concurrence in this amendment.

Mr. *Denormandie*, Delegate of France, remarked that the French delegates would have objections to an adjournment beyond the beginning of July. Several grounds, among which the most imperative was the meeting of the General Councils, obliged them to be away from Paris by the beginning of August. Moreover, it might be difficult to detain the delegates of the United States in Europe beyond an interval of six weeks without any meeting of the Conference.

Mr. *Dana Horton*, Delegate of the United States, on behalf of the American Delegation, declared his agreement with the latter part of Mr. *Denormandie's* observations.

The *President* expressed an opinion that the amendment submitted by Mr. *Vrolik* might create a belief in an indefinite adjournment of the resumption of the labours of the Conference, and thus cause an erroneous impression among the public. On this account it would be better, as proposed by the delegate of Spain, to fix positively beforehand the date of the next Session.

Mr. *Thurman*, Delegate of the United States of America, also thought it would be better for the Conference itself to fix the date of the resumption of its labours, without leaving to the delegates of France and the United States of America the responsibility of a further adjournment. He hoped Mr. *Vrolik*, to facilitate a unanimous vote, would withdraw the amendments he had proposed.

Mr. *Vrolik* replied, that in view of the urgent request of the two Powers who convened the Conference, he thought it right to withdraw his amendment. He still feared, however, that the interval proposed by the delegate of Spain was too short.

The *President* thanked Mr. *Vrolik* for having agreed to withdraw his amendment.

The motion for adjournment submitted by the delegate of Spain was then put to the vote.

Mr. *Garnier Heldewier*, Delegate of Belgium, stated that Mr. *Pirmez* and himself were ready to vote for the motion. They felt bound, however, to remark that, in their view, this vote prejudged nothing and left intact all rights and all opinions. It seemed to them well to offer this observation in order to guard against any misunderstanding as to the bearing of the decision of the Conference.

Messrs. *Kern, Broch, de Thoerner, Forssell, Baron Thielmann*, and Count *San Miguel*, each made similar reservations.

Subject to these reservations the motion of the delegate of Spain was unanimously adopted.

On the proposal of the Delegates of India, and after various observations exchanged between Mr. *Moret y Prendergast*, Mr. *Pirmez*, Baron *Thielmann*, and the *President*, the following motion was put to the vote and adopted unanimously:

"The Conference expresses a desire that the Governments of the various States represented within it should take the opinion of the chief banks of issue of each country on the monetary question, and communicate to it their replies." (See Appendix, Section V.)

Mr. *Pierson*, Delegate of the Netherlands, asked leave to put a question to the delegates of the United States.

When the Conference, he said, re-assembles, it will be of the highest importance to have precise information as to the views of the various Powers represented. The more complete that knowledge, the more fruitful will be the discussions.

Now there is one question on which the Conference has no precise information. It is well known that in the United States the silver coins are not now accepted on the same footing as the gold coins, and that business is mostly transacted with the latter metal. What measures would the United States take, on the hypothesis of the adoption of bimetallism, to remedy this inconvenience? In most European countries the obligation can be imposed on banks of issue of buying silver and gold at a fixed price, a measure which would have an excellent effect by placing the two metals on the same footing in commercial transactions, inasmuch as the bank notes would represent them on the same level without any distinction. What analogous steps could be taken by America, where chartered banks do not exist? In short, what could she do in order that bimetallism should exist there not only in name but in reality?

The Delegates of the Netherlands wish to submit this question to their American colleagues, not for an immediate reply, but begging them to give a definite reply when the Conference re-assembles.

The Delegates of the Netherlands do not disguise that they put this question for a very practical object.

There will, perhaps, be ground for considering, when the Conference re-assembles, what number of States would suffice to ensure the regular working of the double standard system. Now this examination cannot be properly carried on until the question just submitted on behalf of the Netherlands delegation is settled in the clearest way.

Mr. *Vrolik*, Chief Delegate of the Netherlands, as the interpreter of the sentiments of all his colleagues, felt bound, on the close of this first phase of the labours of the Conference,

ference, to offer the French Minister of Finance the expression of their thanks for the honour he had done them in accepting the Presidency of the Conference, and for the friendly impartiality with which he had directed their discussions.

Ninth Session.

The *President* thanked the delegates for having enabled him to share in the laborious and interesting deliberations of the Conference, and expressed his gratification at the honour of presiding over their labours.

The Conference unanimously voted thanks to the secretaries, and adjourned at 6 o'clock.

NINTH SESSION.

Thursday, 30th June 1881.

Mr. *Magnin* presided.

AFTER an adjournment of six weeks the members of the Monetary Conference re-assembled on the 30th June 1881, at 2 p.m., at the Ministry of Foreign Affairs.

There were present:—

For Austria-Hungary:

Count *Von Kuefstein*, Councillor of the Imperial and Royal Embassy at Paris, Member of the House of Lords.

Chevalier *Antony Von Niebauer*, Councillor at the Imperial and Royal Ministry of Finance.

For Belgium:

Mr. *Pirmez*, Member of the House of Representatives, formerly Minister of the Interior.

Mr. *Garnier Heldewier*, Councillor of the Belgian Legation at Paris.

For Denmark:

Count *Von Knuth*, Secretary of the Danish Legation of Paris.

For Germany:

Baron *Von Thielmann*, Councillor of the Imperial Embassy at Paris.

Mr. *Schraut*, Government Privy Councillor, and Reporting Councillor at the Office of the Imperial Treasury.

For Great Britain:

Mr. *Fremantle*, C.B., Deputy Master of the Mint.

For British India:

Sir *Louis Mallet*, C.B., Under Secretary of State for India.

Lord *Reay*, Peer of Scotland.

For Greece:

Mr. *Brailas Arméni*, Envoy Extraordinary and Minister Plenipotentiary of Greece at Paris.

For Italy:

Mr. *Seismit-Doda*, formerly Minister of Finance, Deputy of the Italian Parliament.

Count *Carlo Rusconi*, formerly Minister of Foreign Affairs.

For the Netherlands:

Mr. *Pierson*, Professor of Political Economy at the University of Amsterdam, Member of the Board of Directors of the Netherlands Bank.

For Portugal:

Mr. *Navarro d'Andrade*, Chargé d'Affaires of Portugal.

For Russia:

Count *Mouravieff*, First Secretary of the Russian Embassy.

For Sweden:

Dr. *Hans Ludwig Forssell*, formerly Minister of Finance, President of the Chamber of Finance.

Ninth Session.

For Norway :

Dr. *Ole Jacob Broch*, formerly Minister of Marine and Posts, Professor at the University of Christiana.

For Switzerland :

Mr. *Lardy*, Chargé d'Affaires of the Swiss Confederation at Paris.
Mr. *Burchhardt-Bischoff*, of Basle.

For the United States of America :

Mr. *Evarts*, formerly Secretary of State of the United States.
Mr. *Thurman*, ex-Senator.
Mr. *Howe*, ex-Senator.
Mr. *Dana Horton*, formerly Delegate to the International Monetary Conference of 1878.

For France :

Mr. *J. Magnin*, Senator, Minister of Finance, President of the Conference.
Mr. *Denormandie*, Senator, Governor of the Bank of France.
Mr. *Cernuschi*.

In declaring the Session, opened the *President* desired to welcome the members of the Conference, and to congratulate himself once more on the honour they had done him by calling on him to direct their labours.

The minutes of the Session of the 19th May 1881 were read.

In the course of the reading Mr. *Dana Horton* asked for various corrections in the proceedings of former Sessions.

Subject to these amendments the minutes of the last Session were approved.

The *President* read a letter which he had received from Mr. *Vrolik*, and in which the Vice-President of the Conference, now unwell, expressed his regret at being unable to attend the first meeting of the new series.

Mr. *Moritz Levy*, whose place at the Conference was to-day occupied by Count Knuth, Secretary of the Danish Legation at Paris, also excused himself, being detained at Copenhagen by private business. The letter which he had written containing interesting information on the monetary question would be annexed to the minutes. (See p. 277.)

The *President* likewise informed the Conference that he had been officially apprised of the appointment of M. Navarro d'Andrade, Chargé d'Affaires of Portugal at Paris, in the place of Count San Miguel, summoned to Lisbon on public business, and of the appointment of Count Mouravieff in the place of Mr. De Thoerner, whose state of health did not allow him to return to Paris. Mr. Moret y Prendergast had also excused himself owing to the health of a member of his family.^a

The President, whose duties as Minister of Finance would frequently call him to the Chambers, where the Budget of 1882 was now being discussed, feared he could not take part as much as he should wish in the labours of the Conference, and asked whether it would not be expedient to proceed, in the absence of Mr. *Vrolik*, to the nomination of a second Vice-President. This appointment would take place at the next Session, in case only that he learned that the chief delegate of the Netherlands was unfortunately prevented from attending the future meetings of the Conference.

This proposition was adopted.

Mr. *Lardy*, Delegate of Switzerland, apologized for Mr. Kern, who had been summoned to Switzerland by his Government, and was unable to return in time for the first meetings of the new Session.

Mr. *Fremantle*, Delegate of Great Britain, also conveyed to the Conference the regret of Sir Alexander Galt, whom the affairs of the Dominion had recalled to Canada.

Mr. *Seismit-Doda*, Delegate of Italy, informed the Conference of the impending arrival of Mr. Luzzatti, but doubted whether Mr. Simonelli's new functions of Under Secretary of State at the Ministry of Agriculture and Commerce would allow of his soon returning to France.

Mr. *Dana Horton* laid on the table of the meeting three documents, the presentation of which he had announced at previous Sessions, also a note on the simultaneous circulation of

of the two metals in France (*see* Appendix, p. 280), and a table of the monetary circulation in the United States. (*See* Appendix, p. 161). It was agreed that these documents should be added at the close of the journal.

Mr. *Broch*, Delegate of Norway, presented to the Conference two notes, one on the industrial use of the precious metals in Norway, the other on the monetary situation of Norway, after the substitution of the gold for the silver standard in that kingdom. (*See* Appendix, p. 147.)

Mr. *Cernuschi*, Delegate of France, submitted a table of the coinage of silver on the account of the Treasury in France since 1874. It was agreed that this table should be published at the end of the present Minutes. (*See* Appendix, p. 174.)

Mr. *Pirmez*, Delegate of Belgium, laid on the table a reply to Mr. Cernuschi's questions respecting the coinage of silver money since 1874. (*See* Appendix, p. 171.)

Count *Kuefstein*, Delegate of Austria-Hungary, announced that he should present, as soon as they had been translated, the replies given by the Government to the request for information made by the Conference. (*See* Appendix, p. 166.) He offered, moreover, on behalf of his Government, for the library of the Conference, all that had appeared of the annual of the Central Statistical Commission Return from 1865 to 1879, as well as the Statistical Bulletin of the Austro-Hungarian Monarchy from 1867 to 1876.

The *President* begged the delegate of Austria-Hungary to transmit to Vienna the expression of the thanks of the Conference for the gift of these two valuable collections.

Mr. *Pierson*, Delegate of the Netherlands, presented the letter written to the Minister of Finance at the Hague by the Netherlands Bank on being consulted on the monetary question. This letter would be annexed to the minutes (p. 197).

The *President* asked the Conference to fix the order of its labours. The programme marked out by the delegates comprised two very distinct parts, the general discussion and the discussion of the Questionnaire. In the course of the previous sessions, the first part of the programme had been the object of serious and exhaustive debates, the entire substance of which was given in the minutes recently published. The second part of that programme remained to be entered upon. But after a separation which had lasted nearly six weeks, and particularly after the Governments had been informed concerning the labours of the Conference, and had been enabled to examine and form an opinion upon them, would it not be well to adjourn for a day or two, in order that, in private conversations, the delegates might exchange views and settle their course. Was the conference of opinion that it must enter immediately upon the discussion of the Questionnaire, or would it prefer to adjourn to an early day.

Mr. *Denormandie*, who expressed himself as coinciding in the reasons which the President had urged, supported the motion for adjournment. The next meeting might be fixed for Saturday.

The *President* put this proposition to the vote, and it was adopted.

Owing to his being obliged to attend the discussion of the Budget on Saturday, the *President* expressed a wish that the next meeting of the Conference should be fixed for 12.30 p.m.

This proposition was adopted.

The Session concluded at 3.30 p.m.

TENTH SESSION.

Tenth Session.

Saturday, 2nd July 1881.

Mr. *Magnin* presided, and there were present the Delegates of—

Austria-Hungary,	Portugal,
Belgium,	Russia,
Denmark,	Sweden,
Germany,	Norway,
Great Britain, British India,	Switzerland,
Greece,	The United States of America,
Italy,	and
The Netherlands,	France,

who attended the previous meeting ;

Mr. *Dumas*, Delegate of France, and Mr. *Luzzatti*, Delegate of Italy, who had arrived the previous day at Paris.

The Session was opened at 12.30 p.m.

The Minutes of the Session of 30th June 1881 were read, and adopted.

Baron *Von Thielmann* presented to the Conference the written reply of the delegates of Germany to the request for information made by M. *Cernuschi* at the Session of the 7th May 1881. It was agreed that this document should be inserted at the end of the present minutes. (Appendix, p. 177.)

Mr. *Pirmez* also presented the reply which the National Bank of Belgium, which had been specially consulted according to the wish of the Conference, had made to the Minister of Finance at Brussels on the monetary question. It was agreed that this letter should be annexed to the Minutes. (Appendix, p. 196.)

Mr. *Vrolik* having sent a message affording a hope that he would attend the future meetings of the Conference, the *President* did not think it was necessary to proceed to the nomination of a second Vice President.

This opinion was unanimously concurred in. The *President* next asked the delegates to settle the order of their labours. As he had recalled at the previous Session, the programme adopted by the Conference comprised two parts: the first, the general theory of the question, had been the object of a very serious and thorough investigation. The discussion of the Questionnaire remained to be entered upon. This discussion might be carried on either by considering *seriatim* the various points stated in the list of the Netherlands' delegates, or, inasmuch as these points did not involve any vote, by studying them in any order according as they might offer matter for observation.

Mr. *Seismit-Doda*, Delegate of Italy, also held that the general discussion was exhausted, but he did not see any utility in entering on the examination of the Questionnaire. The points contained in these interrogatories had been considered in the course of the previous debates; to revert to them now would be running the risk of re-entering on the general discussion, with the certainty of throwing no fresh light on the question. There was a more practical path to be taken. After the declarations of Baron *Von Thielmann*,—after the remarkable observations of Sir *Louis Mallet* at the meetings of last May, the Conference felt bound to adjourn, in order to enable the two Governments of England and Germany to ascertain in what manner those important declarations might be effectively supplemented. Resolutions must since have been prepared and settled upon. It was especially important to learn the nature of these resolutions. The Conference might thus shorten its labours, and arrive sooner at a precise and definitive conclusion.

Mr. *Lardy*, Delegate of Switzerland, fully concurred in Mr. *Seismit-Doda*'s observations. In this he was but conforming to the last instructions received by the Swiss delegation from the Federal Government, and which directed it to ascertain, in the first place, what was the result of the negotiations which had taken place during the adjournment of the Conference between the French and American delegation, and the Governments of Germany and Great Britain. He, therefore, supported the proposition of the delegate of Italy, and asked that those States whose resolutions were awaited should inform the Conference whether any practical result had been attained since the delegates separated.

Mr. *Cernuschi*, Delegate of France, while sharing as a general principle the opinion of Mr. *Seismit-Doda* and Mr. *Lardy*, thought it would, nevertheless, be very interesting to hear

hear those members of the Conference who had been unable to state their views at the previous sessions.

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Mr. Thurman.

Mr. *Seismit Doda* agreed with Mr. Cernuschi on this last point, but it should be quite understood that after these speeches the discussion of the Questionnaires, as well as the general discussion, should be deemed exhausted, and that the Conference should pass on to practical questions.

Mr. *Pierson*, delegate of the Netherlands, shared, but only in part, the opinion of Mr. *Seismit Doda* and Mr. *Lardy*. It was quite correct that the three first points of the interrogatories, the existence of the monetary crisis, its causes, and its remedies, had been investigated in the course of the general discussion, but the two last points, the measures to be taken to reduce the oscillations of the two metals and to establish a fixed ratio between those two metals, had been passed over in entire silence, yet those two points were well deserving the attention of the Conference.

Mr. *Dumas*, delegate of France, supported Mr. *Pierson's* proposition. He did not think the general discussion could be revived if the debate was limited to the two last points of the *Questionnaire*. The debate being thus limited, he reserved the option of entering upon it, and of explaining how he had been converted to the fixed ratio of $15\frac{1}{2}$. In any case he held that the Conference, which had the outside public as listeners, and had hitherto given its labours a value already everywhere highly appreciated, should not leave unexamined the two last points of the programme it had laid down for itself.

Mr. *Dana Horton*, delegate of the United States, expressed his concurrence with the views of Mr. Cernuschi, Mr. *Pierson*, and Mr. *Dumas*. He also desired before the general discussion was resumed to make a statement with reference to the question which the delegates of the Netherlands had addressed to the American Delegates at the eighth session. He regretted that he was as yet unable to present a response, or rather to enter into the practical discussion to which the question would necessarily give rise.

The *President* read the text of this question. (*See page 100.*)

The *President* said, we have before us two propositions, one submitted by Mr. *Seismit Doda*, for hearing solely the declarations of certain States, the other submitted by M. Cernuschi and M. *Dumas* for considering the interrogatories, or at least the two last articles as advocated by M. *Pierson*. Mr. *Seismit Doda*, moreover, has partially rallied to this latter proposition. It is for the Conference to decide whether it will adopt this second proposition.

The second proposition was adopted.

Mr. *Thurman*, delegate of the United States, then read, in English, the following address:—

Mr. President and Gentlemen,

The general discussion having closed, we are brought by the previous orders of the Conference, as I understand them, to a consideration of the *Questionnaire*. I propose to submit some brief observations on some of its points; but they will be little more than an expression of my individual opinions with little or no argument.

The first question propounded is substantially as follows:—

“Have the diminution and great oscillations in value of silver that have occurred, especially of late years, been injurious or not to commerce, and, consequently, to general prosperity?”

“Is it desirable that the relation of value between gold and silver should be stable?”

I do not see how it is possible to give any but an affirmative answer to these questions; unless, indeed, the use of silver as money is to be wholly discontinued; and no one, here or elsewhere, advocates that. Although, according to the logic of gold monometallists, it might seem that if an exclusive gold currency is the best for one country, it must be for all countries, yet I do not understand that any one proposes to inaugurate measures for the universal demonetization of silver.

Silver then, in a greater or less degree, is still to be used as money by commercial nations everywhere, and this being admitted, can argument be required to prove that great fluctuations in its relative value must necessarily be injurious to commerce and to general prosperity. And as gold is also to be used, is it not equally obvious that the relative value of the two metals should be as stable as possible. The effect of an unstable and greatly fluctuating currency upon debtors and creditors, at one time to the injury of the former, and at another to the injury of the latter; the discouragement to production, the uncertainty of employment, and the difficulties of exchange, to say nothing more, are sufficient to demonstrate how great are the calamities that such a currency is sure to inflict, and how imperative is the duty of Government to prevent, or at least to mitigate them.

We are next asked, “whether the fluctuations in the value of silver of late years are to be attributed to an increase in the production of that metal, or, rather to legislation?”

It seems to me very clear that they were caused by unfriendly legislation, and not by increased production. According to the table presented by Dr. Broch (*see Appendix p. 228*), the mean price of silver in the year 1845, in the London Market, was 15.93

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of silver for one of gold, and the mean price or ratio in 1873, 29 years later, was precisely the same.

During this period there were some fluctuations, not very great, however, and taking the mean of the whole 29 years, we have the striking fact that the relation was 15.54 to 1, being almost exactly the legal relation ($15\frac{1}{2}$ to 1), that has existed in France for about 78 years, and that now exists in the States of the Latin Union.

But during the 29 years above mentioned the production of gold was enormous, and was, in value, at least double that of silver; so that, if either metal should have lost value as compared with the other, it would seem that it should have been gold and not silver. Yet their relative value was precisely the same in 1873 that it was in 1845.

But in 1873 began, both in America and Europe, that course of legislation to which, in my judgment, are chiefly to be attributed the monetary troubles which this Conference has met to consider. In the United States, by Acts of Congress of 1873 and 1874, silver was demonetized; and although the error, after a lapse of several years, was corrected, yet the coinage of full legal tender silver is greatly restricted.

In Europe, Germany and the Scandinavian States have become gold monometallic, while the States of the Latin Union have almost wholly suspended the coinage of the white metal. That metal being thus, by force of legislation, condemned and dishonoured, its fall in value was inevitable, and the only matter of surprise to me is that it is no greater than it is. Look at the facts. In 1873 the relation between silver and gold was 15.93 to 1. Then commenced the legislation of which I have spoken, and its effect was instantly seen. In 1874 the relation was 16.16; in 1875, 16.63; in 1876, 17.80; in 1877, 17.19; in 1878, 17.96; in 1879, 18.39; and in 1880, 18.06 to 1. Was ever a result more directly traceable to its cause?

The next question propounded by the Questionnaire is this:

"Is it, or is it not, probable, that if a great group of States should agree to a free and unlimited mintage of coins of the two metals, having full legal tender faculty, in an uniform proportion for the gold and silver contained in the monetary unit of each metal, a stability, if not absolute at least very great, in the relative value of the metals would be obtained?"

It might, perhaps, be said, by a person disposed to be hypercritical (which I am not), that there is some ambiguity in the expression "a great group of States" ("un grand groupe d'États"); in this question.

The nations of Asia form a great group of States. So do those of North and South America. And, certainly, all, or even the principal States of Europe, including Great Britain, form a very grand group. But I cannot suppose that the framers of the questionnaire wish us to discuss the question whether a bimetallic union in Asia alone, or in America alone, would have the effect suggested by the question. The inquiry is doubtless a practical one and is to be construed in view of the circumstances that brought about the holding of this Conference and, especially, with reference to the States here represented. The question, then, may be stated in this wise: "Were a great group of the States of Europe and America to form and maintain a bimetallic union, such as that supposed in the question, would the result be a great stability in the relative value of coined gold and silver?"

In my humble judgment that would certainly be the result of such an union, provided Great Britain and Germany were parties to it. Without their concurrence, or at least that of one of them, I fear that the day is not as near as I could wish when it will be possible to form such an union and to make it effective. So long as they stand opposed to bimetallicism, other States will be opposed to it or occupy an expectant or neutral attitude; and the pronounced bimetallic States will not perhaps be sufficient to form that grand group upon whose formation and maintenance success is said to depend. And yet I believe that bimetallicism will ultimately prevail; for I cannot see how the vast structure of credit, the most distinguishing feature of modern industry and commerce, can be supported on a gold basis alone. With both metals its base has often been found too narrow; with but one it would be, to my apprehension, positively unsafe.

The remaining points in the Questionnaire, though interesting and worthy of serious consideration, may, without impropriety, be called minor points; and I shall not, at present, offer any observations upon them.

I wish now to make some brief remarks upon the concessions, as they have been called, that, it is suggested, the Governments of Germany and India are willing to make. To avoid the possibility of misstatement I quote the German propositions from the declaration of her delegates, as follows:

"We recognise without reserve that a rehabilitation of silver is to be desired, and that it might be attained by the re-establishment of the free coinage of silver in a certain number of the most populous States represented at this Conference, if these States, to this end, should adopt as a basis a fixed relation between the value of gold and that of silver. Nevertheless, Germany, whose monetary reform is already so far advanced, and whose general monetary situation does not seem to call for a change of system so vast in scope, does not find herself in a position, so far as she is concerned, to concede the free coinage of silver.

"Her delegates are therefore not able to subscribe to a like proposition.

"The Imperial Government sees itself, on the other hand, entirely disposed to do its

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"its best to second the efforts of the other powers which might wish to unite in view of a rehabilitation of silver by means of the free coinage of this metal.

"To reach this end and to guarantee these powers against the afflux of the German silver which they seem to fear, the Imperial Government would voluntarily impose upon itself the following restrictions:—

"During a period of some years it would abstain from all sales of silver, and during another period of a certain duration it would pledge itself to sell annually only a limited quantity, so small in amount that the general market would not be glutted thereby. The duration of these periods, and the quantity of silver to be sold yearly during the second one, would form the subject of ulterior negotiations. Such an arrangement would efficiently protect the mints of the bimetallic States against the unlimited outflow of German thalers drawn from the National funds. Private individuals or the Imperial Bank (which is a private bank under special control of the Government) would not be able, on the other hand, to cause thalers to flow to the mints of the bimetallic union, except in the case of the balance of trade being against Germany, or unless the relation of 1 to 15½ established by the bimetallic union, should undergo a considerable modification in favour of silver. This last contingency appears, however, but slightly probable. In all other cases the exportation of thalers would of necessity entail a loss to those who might undertake it; and hence the countries of the bimetallic union have no occasion to apprehend that the silver of Germany will inundate their mints. Furthermore, these operations could be rendered still more difficult by excluding specie in thalers from free coinage in the bimetallic union; a measure of this kind would add to the other expenses to be borne by the exporters of silver, that of the cost of melting down and refining the thalers.

"If an international arrangement based upon these indications could be arrived at, Germany would still remain free to sell silver within these self-imposed limits, or to sell none at all. But Germany, in order still farther to contract even these limits, might make other concessions; she would provide in her own circulation a wider area for the metal silver, thus generalising the use thereof. To attain this end, the Imperial Government would engage to retire eventually the gold pieces of 5 marks (27½ millions of marks) as well as the Imperial Treasury notes of the same value (40 millions of marks).

"It might, further, melt down and recoin the silver pieces of 5 and 2 marks (71 and 101 millions of marks), by taking as a basis a relation between the two metals approaching that of 1 to 15½; whereas, under existing legislation, 100 marks are made from the pound of fine silver, which is equivalent nearly to the ratio of 1 to 14.

"You have here, gentlemen, the concessions which the Imperial Government would be willing to offer, and of which its delegates are now ready to discuss the scope and the details of execution."

And in like manner I quote the Indian proposition from the speech of Sir Louis Mallet at the 7th Session of this Conference, as follows:—

"My colleague and myself find ourselves here in a position altogether exceptional. The Indian Government is not even invited to join the bimetallic union which has been proposed. On the contrary, if I am rightly informed, all that is hoped for from us, while England remains aloof, and which, from the commencement of the negotiations, has been known to all the world, is that no change be made in the present monetary system of the Indian Empire.

"We are authorised to respond to this wish in the following manner: namely, that during a definite period, the duration of which shall be the subject of later negotiation, the Indian Government will undertake to maintain its present system of free coinage of silver having full legal tender faculty throughout the whole of Her Majesty's Indian possessions.

"But it must be added that we could only bind ourselves in this absolute manner upon the condition that a certain number of the principal States of the world pledge themselves on their part to maintain within their borders, during the same period, the free coinage of silver as full legal tender in the proportion as respects gold, of 15½ to 1; and our engagement would remain in force only during the maintenance of this state of things."

Mr. President and Gentlemen: At the outset I wish to state distinctly that what I may say in reference to these several propositions will be nothing more than an expression of my own opinions. I shall not presume to speak authoritatively for my Government, although I hope and believe that what I shall say will reflect its sentiments.

A majority of the people of the United States are, undoubtedly, at this time, bimetallicists, and wish to see bimetallicism established throughout the commercial world. In advocating this policy they are not actuated simply by a desire to obtain a better market for their silver; as has been most injuriously said, not in this Conference certainly, but elsewhere. On the contrary, their motives are of the highest and noblest character, as my colleagues have eloquently and convincingly demonstrated, and are as free from the taint of mere selfishness as it is possible for international transactions to be.

But while the American people believe that the existing money systems of the world greatly need reformation, that the present status is injurious to commerce and general prosperity,

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prosperity, and is a hindrance to that friendly intercourse and harmony among States that are so much promoted by a mutually beneficial trade; and while they believe that one of the most effective, if not the most effective, reforms that could be made would be the adoption of bimetallism; yet they are too well informed not to know how slow is the progress that truth often makes, and that it is seldom the part of wisdom to reject what is attainable and reasonable at the time because it falls short of something better and more desirable. I think, therefore, that in view of the difficulties of the situation and of the conflicting opinions of States and statesmen, my Government would not, probably, feel it to be his duty to reject any and every proposition that comes short of perfect bimetallism.

Relying on the goodness of its cause and believing in its ultimate triumph, it could afford to march step by step instead of insisting upon reaching the goal at a single bound. But if we be invited to halt at a halfway-house and tarry in it for a season, we must, before we accept the invitation, be well assured that the tenement is not a dangerous one for us to occupy. Now here, as it seems to me, lies the chief obstacle to the acceptance of the propositions in question. Each of the propositions, as I understand it, requires that the United States and France, and perhaps the chief States of the Latin Union, shall open their mints, and keep them open, for the free and unlimited coinage of silver into money having full legal tender quality. It is not for me to say what France, or the States of the Latin Union or other States of Europe here represented, may think of such propositions. Their Delegates will answer for them, if they see fit to do so—I can speak in reference to my own Government alone. Would such an agreement as that proposed be acceptable to the United States? I am bound, speaking frankly, to say that I think it would not. There is a great and vital difference between a grand bimetallic union that, by fixing and maintaining a stable relation between gold and silver, would stop, or at least powerfully tend to stop, the efforts, so often made, to drain a State at one time of one of the metals, and at another time of the other; and a little and halfway union that might leave each State liable to a recurrence of such drains. Now, if I understand the views of my Government and of the American people, they do not desire an alternative standard, gold to-day and silver to-morrow, nor a single standard, whether of gold or silver, and certainly not the single silver standard. Their stock of silver money is less, in proportion to the wealth and population of the country, than that of most commercial nations, while, on the other hand, their stock of gold is very large, is steadily increasing day by day, and is likely, unless prevented by some blunder, to continue to increase. Under such circumstances it is but natural that the Government should hesitate to enter into an agreement the effect of which might possibly be to lessen the amount of our gold. It would cheerfully become a party to a great bimetallic union, which, if formed, would of course open its mints to the free coinage of silver; but I must be permitted to doubt whether, without such an union in existence, it will, by convention, surrender its power over its own coinage.

In saying this, I would not be understood as underrating the importance of the German and English propositions. I consider them as steps in the right direction and entitled to most respectful consideration; but, in my judgment, they fall far short of what the exigency requires, and I see no probability of their acceptance.

Mr. Schraut then read the following address:—

Mr. President and Gentlemen,

I shall first of all tell you that in what I am about to say on the first and second points of the interrogatories before us, I am merely expressing my personal views. The fall of the price of silver, and the fluctuations to which the value of that metal is subject, have caused a certain injury to commerce. They have especially rendered more difficult the exportation of manufactured articles to countries where silver is the only denomination of value, particularly Eastern Asia and India.

Moreover, the oscillations in the price of the white metal expose commercial affairs in general to the invasion of irregular speculation.

The commercial situation of the United States, and of those European countries where the monetary situation is practically based on that metal, is now such that those countries, owing to the depreciation of silver, can make use only of bills payable in gold, when they have accounts to settle among them. For cash international payments they have also to use gold money, to the exclusion of silver.

Owing to these circumstances every State is trying to husband and increase its supply of gold. This struggle to gather together gold is not without inconvenience, as has been observed during the last two years. In 1880 especially we saw the rate of discount at times rise, and gold at a premium in France, solely because Europe had that year to pay a somewhat considerable quantity of gold to America; but must it be thought that the continuance of this drain to the advantage of America will lead in an early future to a gold famine in Europe? That is a point on which I do not wish to enlarge; I merely venture to express the opinion that the fears entertained on this point seem to me a little exaggerated.

What seems certain is that commerce would greatly suffer if the demonetisation of silver, and the adoption of the single gold standard, were destined to become more general.

The countries where paper money now prevails will, moreover, with difficulty, succeed in substituting the metallic for the paper money system.

This substitution of metal for paper, which is subject to too frequent fluctuations, and the

the disappearance of the discount which affects the great mass of minted silver, would doubtless exercise a beneficent influence on the development of international commercial relations.

Even the countries holding to the gold standard should consequently desire the augmentation, or at least a comparative stability, in the price of silver.

As to the causes of the depreciation of silver, I must say that it is not mainly due to the sales of silver by Germany; it arises rather from the suspension of the coinage of silver money in the countries of the Latin Union, a suspension which was in part caused by the adoption of the gold standard in Germany.

Germany's sales of silver may indeed have at times depressed the market; but what proves that their influence has been quite secondary as regards the depreciation, are the following figures:

During the period which has elapsed from 1871 to the end of 1879 the production of silver rose to a total of more than three milliards of marks, and the bills of exchange of the Indian Government, which act instead of silver, reached a total sum of about two milliards of marks, whereas the sales of silver made by Germany amount only to 560 millions of marks.

Germany's sales took place mostly in 1877, when the average price of silver was $1\frac{3}{4}$ d. above that of 1876, and 2 d. above that of 1878, years during which the sales of German silver were very limited.

A sensible and persistent depreciation of the white metal remained impossible as long as the Latin Union really accepted it at a fixed price for coinage. The bills of exchange of the Indian Government and the consignments of silver to India could not counteract this, except within a limit indicated by a rate beyond which it became more advantageous to convert the silver into francs by coinage.

Having no longer its regulator, the double standard of the Latin Union countries silver has lost a constant and certain market. Its value is now subject to the fluctuations of production and the vicissitudes of commerce, and of payments between Europe and Asia. Unfortunately both these have turned against it.

The increase of silver production has made silver much more plentiful, and on the other hand the amount of the bills of the Indian Government offered in the London market has undergone a considerable increase. These two events which have occurred simultaneously have afterwards reacted on each other, and have thus produced a progressive fall in the price of silver.

If, in lieu of these unfavourable phenomena, circumstances favourable to silver had arisen, a diminution, for instance, in the silver production, and greater and more lasting demands of silver for India through a falling off in the cotton crops of America, a sensible depreciation of that metal would not have taken place, even assuming the suspension of the coinage of silver in the Latin Union. I conclude from the foregoing that the opinion which attributes the depreciation of silver solely to the monetary policy of European States is not altogether correct.

Mr. *Cernuschi* thought himself bound to call attention to the speech just delivered by the Delegate of Germany. Nobody could be mistaken as to the feelings animating him when, after acknowledging the loss sustained by the Empire from the demonetisation of its silver coin, and after having even proposed to repair that loss, he now in the name of science protested against the erroneous monetary policy of Germany, and repelled an accusation thrown out against the Latin Union. Neither the more plentiful issue of bills by the Indian Government, nor the glut of production of the silver mines, was the cause of the existing evil.

The institution of bimetallism had always precisely for its object, and had always produced the effect, of a guarantee of the relative value of gold and silver, against all natural or commercial influences which could act upon the relative value of other commodities. If Germany had not endeavoured to appropriate the legal monometallism of England, France would have continued to coin the two metals freely, and in spite of the fertility of the mines, in spite of the drafts of the India Council, gold and silver would still be at $15\frac{1}{2}$ the whole world over, as it had been in the past. Mr. Soetbeer had always desired to cast upon us the responsibility of the present monetary disorder, because we ceased to coin silver; but it was Germany that made the beginning.

Mr. Soetbeer had supposed that Germany could become monometallic by pouring all her silver into France, and by draining her of French gold at the rate of $15\frac{1}{2}$; that is, without loss to the Imperial Treasury.

There is a desire to resume this plan, and this is the object of these pretended concessions, which consist in reducing the exportation of German silver, but in exporting it gradually into the countries of the Latin Union, and in taking gold for it at $15\frac{1}{2}$. Even the proposed recoinage of 5-franc silver pieces into smaller pieces coined at $15\frac{1}{2}$ would lead to this final result.

He desired clearly to state that the German legislator had been the sole author of the silver crisis; and, on the other hand, that Germany, failing possible new declarations, had as yet made no proposition which the United States and France could regard as a concession.

Mr. *Dana Horton* remarked that the mistake justly attributed by Mr. Cernuschi to the German legislator went further back. It originated in England; it was next propagated in France, and in 1867, at a Conference, in which even the United States were represented.

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sented, all the civilised nations endorsed it. The responsibility for the mistake fell both on the German legislature and on the civilised world.

Baron *Thielmann*, delegate of Germany, understood that Mr. Seismit Doda and Mr. Cernuschi expected a fresh declaration from him. He had nothing to add to what he stated at the meetings of the first Session of the Conference.

Mr. *Fremantle*, Delegate of Great Britain, presented to the Conference the replies of the English Government to the requests for information made by Mr. Cernuschi, Mr. Lardy, and Mr. Broch, at the 3rd, 4th, and 7th Sessions (*see* Appendix, pp. 181, 192), and he added :—

I have had the honour of submitting to my Government the questions which were addressed to me as delegate of Great Britain by the Honourable Mr. Cernuschi and by the Honourable Mr. Dana Horton at the Sessions of the 14th and 17th May.

My Government has asked me to point out to the Conference that these interrogatories cannot be regarded as simple requests for information, but rather as theses designed to maintain certain opinions, and which cannot be replied to without entering on a detailed controversy.

In the opinion of Her Majesty's Government there would be serious inconveniences in entering on questions of that kind by means of interrogatories and replies.

The Delegate of Great Britain handed in at the same time the following reply made by the Delegate of Canada, Sir Alexander Galt, to the question put by Mr. Cernuschi, at the 6th Session.

Dominion of Canada,
Office of the High Commissioner,
10, Victoria Chambers, London, S.W.

Reply to Question xxxv by M. *Henri Cernuschi* relative to Canada.

Undoubtedly if the United States adopted bimetallic legislation in accord with Europe, it would be the interest and policy of Canada to follow the same course.

(signed) *A. Galt*,
Delegate for Canada.

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Mr. *Fremantle* announced that, after a correspondence between the United States Minister at London and Her Majesty's Secretary of State for Foreign Affairs, he had just received instructions which would enable him to make a communication to the Conference at the next Session.

Mr. *Pirmez* wished to remark that if he had not replied to the questions put by Mr. Cernuschi at the first Session, it was because, even by Mr. Cernuschi's own confession, these questions had been considered by him as only a special form of argumentation.

The discussion of the Questionnaire was adjourned to Monday, 4th July, at 1 p.m.

The Session concluded at 3 o'clock.

ELEVENTH SESSION.

Monday, 4th July 1881.

Mr. Magnin presided, and there were present the delegates of—

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Austria-Hungary,	The Netherlands,
Belgium,	Portugal,
Denmark,	Russia,
Germany,	Sweden,
Great Britain, British India,	Norway and Switzerland,
Greece,	The United States of America, and of
Italy,	France,

who attended the previous meeting, with the exception of Mr. Pirmez, delegate of Belgium, and Mr. Howe, delegate of the United States.

The Session was opened at 1 p.m.

Before the minutes were read, the President thought it right to make himself the interpreter of the feeling of the members of the Conference in expressing to the delegates of the United States all the indignation and the horror felt by them at the criminal attempt on the life of the Chief Magistrate of the American Republic. He begged them to transmit to Washington the expression of the warm sentiments of sympathy, and at the same time of hope, which the Conference addressed to the President of the United States and to the whole American nation.

Mr. Evarts then spoke as follows:—

The delegates of the United States, upon the information of yesterday morning that the terrible crime which had brought into the extremest peril the life of the President, threatened an immediate fatal result, felt that it would not be in their power to take part in the sitting of the Conference to-day.

They have the pleasure now, in attending upon this Session, to announce that the news from their country continues to give good encouragement of the President's recovery from his wounds.

They desire, also, gratefully to acknowledge the kind and cordial expressions from their colleagues in the Conference, of sympathy in the public and private grief which surrounds the President in his critical condition, and they will hasten to transmit to their Government these sentiments which have been so warmly expressed by the President of the Conference upon opening this Session.

The President proposed that, as a testimony of sympathy, this manifestation of the feelings of the Conference should be recorded on the minutes, and he added, in agreement with Mr. Evarts, that owing to the better news as to President Garfield's condition, the Conference would not suspend its Session, and would resume its labours.

The minutes of the Session of the 2nd July were read and adopted.

The discussion of the questionnaire was resumed.

Mr. Dumas, delegate of France, spoke as follows:—

Gentlemen,

In the questionnaire which you adopted some time ago, there are two questions namely, Questions No. 3 and No. 5, concerning which I ask leave to set forth to the Conference in a few words the ideas which I should have offered in the course of the discussion if I had not been temporarily kept away from your later Sessions.

Question No. 3, is in these terms:—"Is it probable or not that if a large group of States should agree . . . a stability, in the relative value of these metals would be obtained, which if not absolute, would at least be very substantial."

And Question No. 5 adds, "In adopting bimetallism, what should be the ratio between the weights of pure gold and of pure silver contained in the monetary units?"

It is more than half a century, gentlemen, since it came in my way to enter upon studies and labours respecting the monetary question which you are now discussing.

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At the date to which my memory carries me back, we were in France in presence of a phenomenon which had hitherto passed unnoticed. On consulting the recollections of my youth I am struck with the fact that we had arrived under the *régime* of bimetallism, at a state of such perfect quietude in relation to monetary questions, that nobody it may be said, in France at least, devoted attention to them. Events were allowed to drift, and nobody appeared to understand that there might be questions calculated to lead to derangements and difficulties either for the State or for individuals.

At that time, however, I found that, as regards France in particular, of the total production of 200 millions of francs of silver, France every year on the average retained 100 millions, thus yearly augmenting her stock of money. This circumstance I repeat had passed unnoticed. The Ministry called upon to examine the question felt that a serious problem was before it. A Commission was appointed, composed of competent persons, very few in number. The Commission started with the fundamental idea that France had adopted silver as the principal standard, and that the silver franc was the basis of her monetary system. If silver entered France in more considerable quantities than appeared necessary for her own circulation, and if at the same time that silver took the place of an equivalent quantity of gold which was sent abroad, and if consequently the mass of gold existing in France was seen to be diminishing at a very rapid rate, the danger was that it would disappear altogether, and it was necessary to consider the question of withdrawing its legal tender power, or at least that it should be reduced by diminishing the weight of the 20-franc piece to a value which would no longer allow of its exportation. The Commission, of which I was the organ, concluded by saying that in lieu of coining 155 twenty-franc pieces, 158 should be coined out of a kilogramme of gold. It was silver monometallism which was proposed, gold losing entirely, or at least in a considerable degree, its paying power.

Among the 12 members of the Commission, there were however some, and they were not the least competent, who had no strong sympathy with the idea of suppressing, or even of reducing the functions of one of the money metals.

It was these Conferences, which were kept secret, which led M. Michel Chevalier, who, however, had not been a member of that Commission, some years later to make a sweeping proposition in favour of silver monometallism, and the reduction of gold to the rank of a token.

Everybody knows that later on M. Michel Chevalier changed his opinion, and proposed to give gold a monometallic value, and to put silver in an inferior position relatively to gold.

Need I add that in the presence of natural or economic phenomena, which have so often in these 50 years altered the respective situation of the two metals in the circulation, the opinions I heard maintained in my youth by the men most enlightened on financial questions, have come back to my mind with fresh force? After having been inclined to regard silver as the standard money of our country, and gold money as properly subordinate to it, I can quite understand that the eminent financiers, who were good enough to make me the confidant of their sentiments and opinions on this subject, were in the right, and that bimetallism was the necessary and inevitable condition of the situation in France, or better, of all other countries.

On studying the question with attention, it will indeed be acknowledged, and you have yourselves since this Conference was opened too often heard it proclaimed, that from the origin of civilisation, from those remote epochs to which history, or monuments, enable us to go back, we see gold and silver acting together as money, representing all values in commercial transactions.

It may therefore be said that there is a necessity, I might say natural necessity, for the simultaneous use of gold and silver at all times and in all countries.

To oppose for the future this necessity which, for the past, has been recognised, is certainly to run the risk of inconveniences so serious that, to-day, in spite of the passing confusion which has occurred, nobody here ventures frankly to approach the question and declare, in an unqualified manner, that the simultaneous use of the two metals should be definitively abandoned.

Among the considerations which seem to me to govern the question, there is one which I ask your permission more particularly to point out. If we consider the relative situation of the two metals prior to the discovery of America, it will be recognised that the value of equal weights of them was not, so to speak, variable. The relative value of gold and silver in the monetary circulation of the different countries in those remote times may be said to lie between the limits of 1 to 10, or 1 to 13.

That this relation was not absolutely stationary is in no way surprising; that it varied in different countries, especially at a time when the movements of persons, merchandise, and of metals were neither very certain nor very easy, that this ratio, I say, oscillated between 1 to 10, and 1 to 13, is, in no sense to be wondered at.

The imperative conclusion is, that it is a fixed ratio, not that it is a variable ratio. If account is taken of the permanence, or of the limited variations, in the relative value of the two metals, it will be acknowledged that the fact arose because that ratio was established not over small numbers representing petty populations, but over large numbers representing the entire population of the civilised parts of the globe at that date.

It

It is only by applying the theory of large numbers to ratios, which by their nature would seem variable, that we can understand how it is that from the time of Alexander the Great, for instance, to the discovery of America the ratio of 1 to 10, or 1 to 13, is that met with in nearly all documents and historical records.

That this ratio was altered at the time of the discovery of America is not at all strange. Silver suddenly arrived in very large quantities, as compared with gold. The discovery of America once made, and its consequences a little developed, the ratio of gold to silver changed in Europe owing to this invasion of the white metal. This is the less extraordinary, because at the time in question the mass of metal in circulation was singularly reduced. Historical circumstances on which it is not necessary to dwell, had led to such an impoverishment of metal, that when the metallic wave of America arrived, it fell on so low a stock that its invasion caused a prompt alteration in the historic ratio between the two metals.

But this sudden change once effected, was not the phenomenon which had occurred before the discovery of America again realised? Did we see, as long as no derangement was caused by artificial measures, as long as the slow-working operations of commerce were not interfered with, did we see, I say, the ratio between gold and silver vary to a disproportionate extent after the discovery of America? No. You find it rising to 1 to 14, or even 1 to 16. And when I say 1 to 14, or 1 to 16, does this mean that the ratio was necessarily 1 to 14, at one time and in one place, and 1 to 16 at another time and in another place? No, this nearly always arose from special and temporary circumstances which disappeared in time and were lost in the mass of the general ratio which all the world had accepted. Indeed, the ratio of 1 to 15½ which we maintained without disturbance for the first 50 years of this century approximates to the ratio existing in Louis XIV.'s reign; we discover it under Louis XVI.; and it still represents a ratio accepted, I may say, by the unanimous consent of nations since France made it the basis of her monetary system.

Does this mean that it is a natural and necessary ratio? No; but it means that when this ratio has been admitted by a certain number of States, the great factors which come in, through its application to a widespread population, cause the small monetary or local variations to disappear, or to be subordinated and controlled by the mass of the metals in circulation amid populations who have accepted a common ratio.

I lay stress upon this consideration, because it is really at the foundation of the special discussion to which I desire to confine myself.

It is quite clear that if one should say to-day "there is a nation which has the pretension, in the present state of the civilisation of Europe, and of the rest of the world, with the facilities of communication existing between all countries, and with the enormous extent of commercial relations between one nation and another, there is, I say, a nation which has the pretension of fixing this ratio," it would be senseless. Whatever nation should undertake it would be punished for its presumption. Recent examples have thrown the clearest light upon this point. A ratio of this kind can only be effectually adopted and permanently established when great nations, representing numerous populations, submit themselves to such a rule. That system will then last for a time, more or less long, but it will last at least for a sufficient number of years, perhaps even of centuries, to be considered as endowed with substantial permanence.

If one desired, indeed, to picture to himself the consequences that would ensue, if, instead of acting on the basis of large numbers, a small number should be taken as is sometimes done in operations of this kind, I should say:

There are on the globe three kinds of countries; there are the countries which produce gold and silver, there are the countries in which this gold and silver is diffused, or in which they serve for all the operations of commerce and the requirements of life; lastly, there are the countries in which these metals are lost, and disappear. There are, consequently, producing countries, using countries, and absorbing countries.

The producing countries are well known; the countries which use are essentially European; and so are the countries which absorb. When you review the progress of the production of gold, you find that that production had always, as a starting point, a particular part of the globe; that it was then diffused over the civilised countries; and when you inquire through what phenomenon or in what manner it disappeared you find nothing. This gold disappeared of itself; was consumed on the spot, and we know of no country which is especially an absorbing country for gold.

Silver is not in the same position. From the discovery of America, and ever since America produced the large quantity of silver with which it for some time flooded Europe,—I do not speak of modern times,—we have seen that, of the 200 millions I mentioned just now, 100 millions came to France, and stopped here, while the other 100 served for carrying on the trade of Europe with the extreme East, and were engulfed and disappeared in China and India. The Mexican or Peruvian current, which brought silver to Europe, left a part here, and then by a regular movement passed on to lose itself in the extreme East. Europe did not possess in sufficient degree the faculty of absorbing silver, while for gold this full power of absorption existed.

The gold which came to Europe remained here, while of the silver which came half was left here, and the other half disappeared in the extreme East.

Now what has happened in these latter days? When it was seen that the supplies of silver were becoming more abundant, was any care taken to cause a more extensive absorption

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sorption of the silver thus arriving in excess? No, the opposite course was taken. Instead of spreading this silver over a wider area, the field over which it could extend itself has been more and more narrowed; yet how then can any one be astonished that after having limited the use of silver in proportion as it became more plentiful, silver has lost, at least as bullion, a considerable portion of the value it formerly possessed. This was only natural. No one has any right to be surprised at the consequences produced by the necessity which arose of closing the mints to the coinage of silver, and of thus diminishing, by half, the market for the silver reaching us.

Permit me to make a comparison; you have a reservoir of 1,000 cubic metres; it is full of water. If it suddenly received another 1,000 cubic metres of water, there is a deluge; that is evident. But if, instead of 1,000 cubic metres, the reservoir had held 10,000, the level would have been raised a little; there would have been a slight temporary inundation, and there would have been an end of it. If the reservoir had held a million cubic metres, the thousand metres you added would have been lost in the mass, and would have disappeared without apparent disturbance.

This is just the case with the production of silver, and in general of the precious metals relatively to the nations which receive them. If these nations are numerous, if their population is considerable, the silver or gold arriving every year to increase the stock will disappear in the mass. If on the contrary the nations and the populations who accept these metals are yearly reduced in number; and if the mass of silver or gold which is produced continues to be the same, the value of gold and silver will suffer a depreciation which may undoubtedly disappear later, if a change of circumstances should take place.

The civilised countries represent two large lakes, in which the mass of gold and of silver which the mines produce within a certain time loses itself; in the lake of gold the supplies which arrive in excess are distributed without difficulty in more or less time, to satisfy the requirements of the circulation, and there has hitherto been no occasion for concern as to the absorption of gold. As to silver, which now arrives in more considerable quantity, if it be desired that its lake should not overflow, far from diminishing the coinage of silver, far from diminishing the number of nations which accept silver as legal tender, it is necessary to augment the number of nations, to multiply the consumers, and in this way to give greater scope to the metal which arrives in greater quantity.

These considerations lead to the maintenance of a ratio, which is, I will not say a natural ratio, but a ratio created by very legitimate circumstances, the ratio of 1 to 15½ between gold and silver.

Why that ratio rather than any other? We are in the presence of three hypotheses: 1st. Gold monometallism; silver become a commodity; no fixed ratio between the two metals; 2nd. Bimetallism with a new ratio to be fixed between silver and gold; 3rd. Bimetallism with the ratio of 15½. Lay aside monometallism. If we adopt bimetallism, we may consider gold and silver either as having a ratio to be fixed, or as having a ratio already existing.

A ratio to be fixed, where would you find it? In the present position of the relative value of gold and silver bullion? But this relative value is temporary, arbitrary, fictitious; it is solely the result of the fact that the consumption of silver has been cut off by a *coup d'état*. If the consumption of silver were restored, the ratio would change. I do not say that it would immediately become again 1 to 15½, but it would not be at the point where it now is, and it would speedily approach 15½. Would you take another ratio than that of 1 to 15½? How difficult it would be to find a ratio satisfying at once historical traditions, present conditions, and future conditions? With the ratio of 1 to 15½ historical traditions are respected, the difficulties of the present are removed, the conditions of the future are guaranteed. As to the difficulties of the present, which are transitory, they would disappear with the causes and circumstances which created them. It is quite certain you would find no embarrassment in restoring the ratio, which having been chosen by France and accepted by the Latin Union, has been adopted during a long space of time in other countries. From the standpoint of accomplished facts, its regularly established existence dates from nearly a century ago, while its origin is still more remote. It now applies to an enormous mass of metal, which would have to be melted down and re-coined, if the ratio were abandoned. All these reasons authorise me to believe that the small difficulties which would be encountered in taking the ratio of 1 to 15½ as the basis of new concerted action, would be temporary difficulties, disappearing with the progress of events. It would at once give full satisfaction to the general interests of the world, and to the special interests of the nations engaged in the matter.

In the considerations which I have just had the honour of presenting to you, I regarded the civilised countries as representing two great lakes in which the gold and silver extracted from the mines came to discharge their respective streams, and I remarked that if the relative supply of the two metals varied, the surfaces of the two lakes might be further and further from equality of level. A canal of communication between them would be necessary to maintain the equilibrium. The legal ratio of 1 to 15½ has performed this function, and would have continued to perform it if all nations had adopted it. A proportional diminution in the product of the mines of the two metals causes the same fall in both reservoirs. If one should fail and the other be in excess, the communicating canal would offer an exit to the metal in excess, and the level would be maintained undisturbed.

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There is one point which I have passed over, viz., whether the value of the two money metals, which presents no natural fixed ratio has or has not a fixed relation to the labour or to the commodities which each of these metals is destined to represent or pay for.

Now it is quite clear I think to everybody that the value of gold and silver is no more stable relatively to labour or to commodities than is the relation between the metals themselves. There is no natural law which indicates that there will be a constant relation between the weight of wheat, for example, and the weight of gold, or of silver which represent it in the market. These quantities vary from time to time. There is no natural law which says that the ratio between the weight of the gold and silver extracted from the bowels of the earth and put in circulation will be always $15\frac{1}{2}$ to 1. There is no natural law for this, but there is a natural law which says that when you deal with very large numbers, the slowness with which any metal, already existing in large quantities, is affected by small additions, allows the alteration of value to move by degrees, which are insensible during a generation, or even longer. That the ratio between gold and silver varies, but in different directions, is certain. That, if we should take the production of these metals each year, in order to make it the rule of all the transactions of commerce in all countries, we should be liable to sudden variations, is not less certain. But when the new yield is once merged in the stock in general circulation, the small quantities being lost in the large, if the ratio varies, it varies only in insensible quantities every year.

If you regard the mass of a population, men and women, you perceive that they are born in about equal numbers, but at a particular time and in a particular village, girls only are born for several years. This phenomenon is not observable when you take an entire Department, much less when you take a nation. So, likewise, the ratio between the production of gold and silver localised in small quantities and small proportions, may present varying results, but when looked at after merging the small annual production in the quantity forming the aggregate stock of all nations put together, this slight difference in the ratio of each year's production entirely disappears, or, at least, but very slightly affects the general ratio, and tends to become insensible for individuals and for States.

It is, therefore, I repeat, in consequence of the magnitude of the number of consumers that the naturally variable ratio between the yield of gold and of silver, must be considered as having, so to speak, a constant value. To say that that ratio should be invariable is not possible. To say that because the ratio varies the legal ratio should annually or from time to time be changed would, in my opinion, be very dangerous. But to say what seems to me verified by history, that though this ratio varies from year to year, though this ratio presents difficulties calculated temporarily to disquiet the public mind, yet when the mass of silver and gold falling into the general circulation is so slight compared with the mass which receives it, the conclusion is that the ratio of the two masses remains almost permanent, at least practically so, which is the only question we have in view.

It is the more reasonable to look at the facts in this way, because, in point of fact, there is in countries now civilised or accessible to commercial operations a population of nearly 100 millions to whom gold is necessary, or an object of preference, whereas there are 900 millions who prefer silver. You have consequently 1,000 millions of people on the globe, of whom nine-tenths find silver the metal best suited to them, while one-tenth prefer gold. A market for both metals is therefore possible and necessary; it is indispensable for commercial operations, and any one who should argue that silver can be dispensed with when nine-tenths of the population prefer it, would seem to me to commit a blunder, not only economic, but ethnological, with which I can have nothing to do. It is true I have heard it said, not only here, but often elsewhere, that gold is the metal of the privileged countries, the countries whose civilisation is advanced; and that silver is the metal of backward countries, barbarous countries, countries of inferior civilisation. The yellow metal is noble; the white metal, plebeian.

I confess I have never been struck with this reasoning; I have never found it applicable to monetary facts. It has always seemed to me that among the races of men there were some who preferred gold as ornament or money, and others who preferred silver. In all countries there are, in this respect, both civilised and barbarous people. Looking at France, for instance, there is no doubt that at Paris, Lyons, and in the large towns, there is a civilised portion of the population who like to handle gold, and who having from time to time 100,000 francs or a million to pay, object to sending it in five-franc pieces. This is quite possible; but we have in France regions called Auvergne, Brittany, Cevennes, Lozère, in which the people are, so far as this point is concerned, real barbarians, to whom gold coins seem difficult to handle, while five-franc pieces are, on the contrary, coins whose weight and size please them. People have not every day to pay bills of 100,000 francs or a million, but they have every day to pay the butcher, the baker, or the shoemaker; and they have every day to deal with a kind of money inferior to gold, if it is to be called inferior, for it is simply a money which fulfils its office, and which in this respect is not inferior to the other.

It therefore seems to me quite natural to say that there is room in all countries for three kinds of money, gold money, silver money, bronze money. They each satisfy different requirements; they are each fitted for different classes; and to say that, because gold suits a portion of the population which is refined, or civilised if you like, a little fastidious in its tastes, and lavish in its habits, the middle and lower classes are therefore to be deprived of the means of exchange suited to them, is very incorrect reasoning.

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To say that there are nations entirely composed of people belonging to the higher or civilised portion, and others entirely composed of barbarians, is not the fact. There are civilised portions in all nations; there are portions in all nations which you may call barbarian; everywhere there are countries which are advanced; everywhere there are countries which are backward; and I do not think there is anything uncivil to France and England, for instance, in saying that Brittany, Auvergne, or Cantal, are not as civilised as Paris, and that Ireland or the Scotch Highlands have not inhabitants such as are found in the wealthy parts of England. Every country has, therefore, so far as its habits in the matter of money are concerned, its barbarism, if you call it barbarism; and every country has its civilisation; or rather let us say each country has need of different kinds of money.

Now, I was consulted at a time when questions of this class did not attract much attention in my country, and, when having busied myself with them rather more than others, I had from time to time occasion to give opinions on matters which hitherto had appeared very obscure; I was consulted, I say, on this point: how much fractional money is required in France per head? How much bronze money is required in France per head? Now, on recurring to the ideas I have just expressed, and considering the documentary evidence on the subject, I arrived at the conclusion that two francs of bronze money were necessary per head, and six francs of silver fractional money.

I enunciated that opinion, and the then Minister of Finance took it into consideration; it served as basis for the legislation of the country, and I have the satisfaction of seeing, after many years, that the six francs of silver fractional money have been neither too much nor too little, that the two francs of bronze money have also been neither excessive nor deficient. The circulation is satisfied by means of these two amounts without embarrassment, without difficulty.

I was asked, at the same time, what was the proper amount of gold and of silver having an international circulation, for the bronze coins and the fractional silver coins are domestic money.

I had estimated the quantity of gold or silver money suitable for all the necessities of the inhabitants of our country at an average of 100 francs per head. The relative amounts of gold and silver coin remained dependent on the chances of the free coinage, and could be augmented or diminished, within certain limits, without inconvenience, full legal tender faculty being equally reserved to both.

Since then I have often been asked whether the formula I proposed at that time had been verified by facts. I am obliged to answer that nothing has occurred to disturb the proportion I believed myself able to establish, in estimating at four milliards the quantities of gold and silver then existing in circulation in France for a population of about 40 millions, Algeria included.

I believe that that formula is still practical and sound. If it is practical and sound, and if it were applied to Europe, to Asia, and to America, that is to say, to large populations, if it could be applied to all countries which might take part in a transaction of the kind which occupies us, you see at once how a market for the precious metals, gold and silver, would be insured for a long time.

For my own part, I am quite certain that whenever all the countries which have been hitherto obliged to retain the forced currency of paper, return to a metallic circulation, we should easily arrive at a similar employment of gold and silver, even if we assume that France loses the special taste ascribed to her for hoarding specie, a taste evinced, it is true, in various ways; and that she ceases to maintain 100 francs per head as the quantity of her stock of coin.

Diminish, if you like, to 60 francs per head, the average amount which the various parts of the world might require for their population, there would still be room for the quantities of silver and gold which would present themselves, even assuming that the mines maintain the ample yield with which they have of late years favoured us.

But here arises a last observation on this point: are you sure of maintaining for the yield of gold and silver the conditions which have of late been realised? Without wandering into scientific systems, we may say that, as regards gold, the production is so intermittent that nobody can tell what it will be in 10 years. The gold "placers" are nearly always exhausted in a very short time, even after having yielded large quantities of gold. Since the origin of civilisation gold countries have enriched their first owners, and then have ceased to produce, precisely because the sources of the gold were "placers" in which the metal had been accumulated by being deposited there, and were not mines with regular lodes in their normal position. The extraction of gold is a thing which appears in one country, disappears, arises in another, again disappears, and so on. I have seen, in my youth, gold washers in the South of France, where, since the time of the Phœnician particles of gold had been extracted from the rivers. To-day, in the same localities, I find men who earn in other ways twice as much as they earned by picking up gold in the river, and who have abandoned that industry. I do not cite this example as of much account compared with the great production of gold occurring in other parts of the world; but still it gives an exact picture of what has occurred there. When a gold working has been established, at the end of a short time wages rise, the "placer" is exhausted, and the diggers are forced to quit the locality and go elsewhere.

It is not so with silver. Silver is in general extracted by the regular processes of working mines; there are regular lodes, sometimes of great importance from their thickness, at other times

times from their richness, but generally presenting conditions such that the working may be made regular, and extended over long periods of time.

When the question arises of choosing a standard which has a fixed value, is it not better to adopt silver in preference to gold? Is not silver a metal of more stable value, and one which can maintain fixed relations between production and consumption over a length of time? In gold we have a metal subject to continual fluctuations, exposed to unforeseen commercial combinations, which may drive it out or accumulate it in a given country through proceedings which governments, and especially individuals in particular, are often incompetent to comprehend.

The conclusion I am led to draw from these observations is that there is very little reason for abandoning the principle of bimetallism, and the ratio of 1 to 15½; that there are, on the contrary, many reasons for retaining the two metals in circulation with their full legal tender power, and that there are very cogent reasons for maintaining the ratio of 1 to 15½, which has already been accepted in a great part of the world.

And now what are the inferences to be drawn from these general principles, assuming them to be admitted? Assuredly it is not for me, at my age, in the position which I occupy, and far removed as I am from public affairs, to give practical advice. The difficulties are so great as to require mature consideration on the part of all the States interested in the question; it is one which cannot be solved in a day.

For 50 years I have seen the most prominent men differing in their opinions on monetary questions, and I am convinced that to form a decision in the matter is a difficult task for the best minds, especially as such decision, even when put forth by the most competent, will meet much opposition. It is necessary, therefore, within proper limits, to allow time to bring about the conversion of those who are interested.

But cannot measures of immediate effect be adopted? If gold be a metal which is needed for the reserves of great banks, for the great transactions of commerce, and for the habits of fashionable life, it is not less true that silver is indispensable for the ordinary uses of life, for the domestic needs of every family, for the every day work of manufactories and of agriculture. If gold is coined in a country as the metal necessary for large transactions, why coin 10 franc and 5-franc pieces, or the like, in gold. It is a mistake. These 10-franc and 5-franc pieces should be left to their real destination, that is to say, to silver coinage. They belong to a medium class of consumers, upon whose support they can rely, and whose wants they satisfy.

Another mistake we have committed is the manufacture of silver tokens, that is to say, small change silver of inferior fineness to that of 5-franc pieces. The functions of the silver token money, when it is of rather a high value, approach those of the 5-franc piece. When it is of inferior value it approximates to bronze. It should not compete with bronze by being made a token; it should not be far removed from the fineness of silver coin, properly so called, when it has a value, for instance, like that of the 2-franc piece. It is necessary, then, to do away with the 5 and 10-franc gold pieces, and to replace them by silver pieces; to do away with silver token money of inferior fineness, and to replace it by silver $\frac{9}{10}$ ths fine. If these two operations were effected they would aid in restoring to silver the favour it seems of late to have lost. The assent of the population would show that the right path had been found.

Add to these measures, which are of a temporary nature, yet would have a permanent effect, another measure which commends itself equally to attention, I mean the question of the charge for coining gold and silver. No doubt, when one looks at the recompense for the service performed for the owner of the bullion, it ought to be in proportion to the labour which he has exacted. Nothing is more legitimate than what has hitherto been done; but see how unfavourable to silver is this procedure. In converting silver into specie destined for circulation as 5-franc pieces, and in converting gold into 20-franc pieces destined for circulation, the difference of expense is 1 to 3, and even more, against silver. It costs 7 francs 50 centimes for a kilogramme of gold; it costs 23 francs 50 centimes for making silver coins equivalent to a kilogramme of gold. Thus, everything has latterly tended to place silver in an unfavourable situation, and more than one of these details might be corrected by simple measures of internal regulation in each State. If these internal measures were adopted they would have the advantage of showing the public that a definitive solution was in preparation, and they might lead opinion to express itself in favour of that solution.

One word more. There are four interests in the question before us. There is first the State, there are the State banks, there is the trade, and, lastly, there are the consumers. I have known the time when the State shut its eyes to movements of specie, when the State banks paid no attention to them, and when the consumers naturally looked on all these matters as foreign to them. Who did then pay attention to them? It was the trade; it was the banker who took silver in our country and sent it elsewhere, where there was a premium to be gained, and who took gold in its turn and sent it where he could make a profit out of it. The principle of these operations passed unnoticed by three of the four parties interested, the State, the State banks, the consumers, and received the attention of only one class of persons, certain bankers who were accustomed to trade in gold and silver on a large scale. The time for this has passed: the State has seen the danger it incurred of letting such events go on without its interference. The State banks have now perceived that the Bank of England offered an example which other countries would do well to imitate; lastly, the general education of the country is such that the consumers themselves have found enlightened representatives of their interests. To day,

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when anyone offers advice, supported by information, he will find it appreciated by the State which feels itself affected, by the State banks who know that they are interested, by the consumers, whose eyes are now opened, and who begin to understand that it is not immaterial to them whether the price of their merchandise varies without apparent cause, whether silver is 200 francs a kilog. at the time they buy it to pay for their raw material, and 160 francs at the time they receive silver in payment.

The State, the trader, the producer, the consumer, are aware that these are questions in which their interests are very closely engaged. The time has come, then, to ask a solution; not from the trade, the trade will always claim its liberty, it will wish to be able to send its bullion in one direction or another. This is its business, and we cannot require it to look at business in any other way; not from consumers, that is to say, from persons for whom these matters have not a sufficiently profound interest, but from the State banks. With the broad and enlightened spirit which their directors bring to the affairs entrusted to them, if they should assist in the efforts of the various States upon which they depend, they would lay the bases for a solution of the matter. The State alone, I fear, with all respect for the convictions of my honourable colleague, Mr. Cernuschi, is not sufficiently adroit to conduct such operations alone. But when the State has the great banks on its side, which are bound to the State by contracts, and by common interests, when the State and these great banks have agreed to adopt a certain principle for the coinage, and to temper the application by intelligent management, the trade will be controlled, and satisfaction will be given to the consumers whose interests should be guaranteed.

To recapitulate. There are in all countries hills and plains. With the hills I have no concern; they demand gold, let us give them the satisfaction of handling handfuls of it, if they will or can; they will always be able to give themselves this satisfaction. What touch and interest me are the plains; they are extensive, and covered with an abundant population, a population which labours, lives on little, can be poor, can be frugal, and has need of a money suited to it. It is for its sake that I demand the maintenance of that silver money, legal tender both at home and abroad, which I consider not only as the money of the middle class in its daily needs, but of the artisan, of the labourer, of the part of the nation the most interesting, the most considerable, and the most worthy of interest. For its sake, I repeat, I dread to see silver disappear, to see it lose its paying power, and subside into a depreciated condition in public opinion, because every step in that direction will be a suffering for it, without being an enjoyment for the elevated part of the population, so often spoken of as representing civilisation, culture, wealth, power. No, the wealth of a country, its importance, and its power, are not always at the top; they reside below also; in that population that labours, that produces, that saves, and for which gold is so often a chimera, and silver the daily bread and the safeguard for the morrow.

Mr. Schraut, Delegate of Germany, read the following address:

Mr. President and Gentlemen,

After the discourse we have just listened to from our illustrious colleague, Mr. Dumas, allow me to say a few words on the way in which I look personally at the third interrogatory.

I do not dispute that the re-establishment of the free coinage of gold and silver at a fixed ratio in a certain group of States would raise the price of silver to the rate corresponding to that ratio, and that its future oscillations would be but insignificant. Accidental perturbations would be the less to be feared if we succeeded in guaranteeing the Mints against an unforeseen and extraordinary influx of the white metal. The best means, in my opinion, of arriving at this object, would be to make the use of silver general in all countries, as remarked by several of our honourable colleagues in the course of our first sessions.

A first step would be taken in this path if all the States which have issued paper money notes below 20 francs would call them in, and replace them by silver money. I reckon among these States not only the States with forced currency paper money, but also the United States of America, which have issued a considerable quantity of one and two dollar notes. It would also be expedient, as our illustrious colleague, Mr. Dumas, has shown, to do away with the small gold coins, and to replace them by silver, the consumption of which would be augmented in direct proportion to the withdrawal of small notes and of small gold coins. We should thus arrive at keeping the fluctuations of the price of the white metal within narrow limits.

The *President* announced that Mr. Fremantle, the British Delegate, deferred till the next session the communication he had expected to be able to make to the Conference at to-day's meeting.

Count *Rusconi*, Delegate of Italy, reserved his right of speaking after the communication announced by the delegate of Great Britain had been made to the Conference.

Mr. *Broch*, Delegate of Norway, desired to say only one word to express his concurrence in great part with the remarks of Mr. Dumas. But he desired to call attention to the fact that the proposals submitted by his illustrious colleague differed, in his opinion, from those formulated by Mr. Cernuschi.

The theory of Mr. Dumas tended to restrict the coinage of silver, and not to authorise the free and unlimited coinage of that metal. The State and the State banks would undertake to supply the requirements of commerce, and to the degree which should

be

be deemed necessary. Now this system would have a great chance of success; it was the very system already adopted by a certain number of States.

Mr. Dumas, moreover, thought, as Mr. Broch had himself pointed out in a previous session, that 10-franc, 5-franc, 10-mark, and 10-shilling gold pieces should no longer be coined, on order that the use of silver might be proportionally increased. This, again, was a point on which monometallists agreed with him, just as they were unanimously in favour of retaining the use of the three metals. But what they could not accept was the unlimited coinage of silver. Left to State banks or to governments, the coinage of silver would create no uneasiness, because governments and State banks would not abuse the powers given them. But this system could not be confused with bimetallism as understood by the honourable Mr. Cernuschi.

Mr. Dumas remembered that in the course of negotiations carried on a few years ago between Austria and the States of the Latin Union, he proposed and had nearly witnessed the adoption of a 25-franc gold piece which was to serve for international use, and which representing, as it did, 5 dollars, 10 florins, or a sovereign, seemed likely to be favourably received by the public, and destined to render very useful service.

Mr. Cernuschi, Delegate of France, before submitting a document which he had to present, wished to make some observations on what had been said in the course of the session. All the measures recommended to the Conference were only half measures; they looked only at small aspects of the question, and consequently could serve no practical purpose. If certain small gold coins were abolished the evil would be none the less great. England, said Mr. Cernuschi, is under that system. She has no 5-shilling gold coins, and but very few half-sovereigns. She coins on a larger scale than elsewhere small silver token money which, for that matter, people accept and use in all their daily transactions, and which they pay out without concerning themselves with its weight or fineness. This silver money, which passes like gold in internal transactions, what value has it from an international standpoint? No value at all.

The internationality of silver at 15½ is the point to be arrived at. Without internationality nothing is effected. What matters it whether silver rises to 59 d. or falls to 40 d., if, in Europe and America, we continue unable to coin this metal freely, and are unable to use it in paying each other. Even if the petty combinations recommended brought us back to the rate of 59 d., this would be a thing to be regretted, because the general conversion to bimetallism would be proportionately delayed. We must have all or nothing.

Mr. Cernuschi then read the reply of the French Government to the questions put by Mr. Lardy, delegate of Switzerland, at the session of the 10th May, on the industrial use of the precious metals. He remarked that the value assigned in this note to silver bullion was necessarily erroneous, it being estimated at the ratio of 1 to 15½, which had ceased to be the fact.

He could not moreover omit calling attention to this strange position of the partisans of gold, who, perplexed and uneasy, were forced to institute inquiries to ascertain whether there was not too great a consumption for industrial purposes of this precious metal on which they made their whole economic life depend. Bimetallists had none of these perplexities, disquietudes and troubles. What was produced or what was consumed of either metal was immaterial to them. For them there was but a single monetary mass, composed of all the gold and silver which ages had accumulated. Whatever amount was consumed in the year of either metal reduced by so much the increase of stock from the annual yield. That was all. Bimetallists were not disturbed on that score. Just as the relative value established by law was not influenced by the production, no more was it by the consumption of either metal. Here was certainly an unquestionable superiority of bimetallism.

The note presented by Mr. Cernuschi was ordered to be inserted at the end of the Minutes. (Appendix, p. 189.)

Mr. Dumas was anxious to point out that this note did not include the use of precious metals in electro-plating or photography, a use which, especially as regards silver, had been very largely extended of late years, and would still go on increasing.

Mr. Lardy, Delegate of Switzerland, thanked Mr. Cernuschi and the authorities of the French Mint for the interesting return just presented on the industrial consumption of the precious metals. He should await the printing of the similar documents already submitted by the delegates of Austria-Hungary, Great Britain, and Norway, before entering on the consideration of the conclusions to be drawn from these returns. The work of the Conference was moreover sufficiently advanced for that examination to be left to the governments rather than to the delegates. He confined himself to recalling that, in asking for an investigation of the question of the industrial use of the precious metals, he had no preconceived idea. In proportion as the industrial consumption of gold was very considerable compared with the production of that metal, the results of the inquiry might imply the necessity of advancing with great moderation on the path of the adoption of the single gold standard. This fact was unfavourable to the monometallic thesis, but proved at the same time that, in a given country, industrial demands might occur calculated to modify the relative value of the precious metals, which fact again impaired the bimetallic position that "law alone creates the value of money." Switzerland, whose

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M. Pierson.

jewellery and watch-making industries were much developed, had had at various times to suffer in a monetary point of view from the demands of industry. She was obliged, about 1860, to reduce to eight-tenths the fineness of her silver coins, which had been going straight from the mint into the crucible of the watchmakers. At the present moment one might be certain that 5-franc pieces were no longer melted down to make silver watches, but the gold coins manufactured by Switzerland would not fail to be put in the scales, and all above the legal weight melted down.

Mr. Pierson, Delegate of the Netherlands, thought it would be very advantageous that the various Governments represented at the Conference should be enlightened as to their reciprocal intentions. With this view, in obedience to the instructions of his Government, he communicated to the Conference the following declaration:—

DECLARATION of the Delegates of the Netherlands.

The Government of the Netherlands is of opinion, like several members of this Conference, that the fall of silver and its great oscillations of value are a great evil.

It also thinks that the simultaneous and unreserved adoption of the double standard by all the Great States of Europe and America would be the true means of remedying that evil.

It would scarcely hesitate, therefore, to propose to the Legislature the re-establishment of the unlimited coinage of silver, at present prohibited, both for our country and for all its colonies, as soon as the double standard system should have been adopted over an area as large as that which we have just indicated.

But our Government could not engage to act thus, if that system be established only over a more restricted area. As long as it is ignorant what guarantees would be given for fixing, as far as possible, the ratio of value between the two metals, what States would adopt the bimetallic system, and what concessions would be made by the other States for facilitating its success, it is impossible to judge of the advantages and inconveniences there would be for the Netherlands and its colonies in re-establishing the unlimited coinage of silver, even maintaining the legal ratio between that metal and gold, which is now not $15\frac{1}{2}$ but $15\frac{3}{8}$.

While, however, reserving its entire liberty, the Government of the Netherlands does not peremptorily reject any project of establishing the double standard system in an area comprising only several great States of Europe and America. Such a project, if proposed at the Conference, would doubtless be taken into very serious consideration by the Netherlands.

This Declaration was ordered to be inserted in the Minutes.

Mr. Evarts tendered the apology of Mr. Howe, whom the state of health of Mrs. Howe had forced to leave Paris and start for the United States.

The President begged Mr. Evarts to convey to Mr. Howe the expression of the warm regret of all the members of the Conference, as also the expression of their good wishes.

The discussion of the *Questionnaire* was adjourned to Wednesday, 6th July, at 1 p.m.

The Session concluded at 3 p.m.

T W E L F T H S E S S I O N .

Twelfth Session.

M. Seismit-Doda.

Wednesday, 6th July 1881.

Mr. *Magnin* presided, and there were present the Delegates of—

Austria-Hungary,	Portugal,
Belgium,	Russia,
Denmark,	Sweden,
Germany,	Norway,
Great Britain, British India,	Switzerland,
Greece,	United States of America,
Italy,	and
The Netherlands,	France,

who attended the previous meeting, and Mr. *Pirmez*, Delegate of Belgium, who had arrived that day from Brussels.

The Session was opened at 1.45 p.m.

The Minutes of the Session of the 4th July 1881 were read and adopted.

Mr. *Seismit-Doda*, First Delegate of Italy, asked leave to make a declaration to the Conference in the name of his Government. He had hoped that, during the interval of more than 40 days which had elapsed between the 8th and 9th Sessions, decisions would have been reached, and that on the return of the delegates, and before a fresh separation, decisive resolutions might be adopted. Without wishing to prejudge the result of the present Session, and without awaiting the declaration to be made by the Delegate of Great Britain at to-day's meeting, the Chief Delegate of Italy was anxious to state what his Government, after the first discussions of the Conference, was inclined to accept. Notwithstanding some dangers she would, perhaps, have to encounter, Italy was prepared to enter upon the path of free and unlimited coinage of silver, provided Germany and England would unreservedly engage themselves to enter upon it also.

It was now more than doubtful whether these two Powers would agree to take such a step. It was, therefore, proper to declare before the world that on them alone must fall the responsibility of the consequences which, the Conference being dissolved, might result from any future depreciation of silver.

Mr. *Seismit-Doda*, on behalf of his Government, could only read the following declaration, which he was anxious to make known before the Delegate of Great Britain had read his own, so as clearly to show that it was entirely independent of it.

DECLARATION of the *First Delegate of Italy*.

The Italian Government would be disposed to enter into a league, of various States, to agree on the limited coinage of silver on the following conditions:—

1. The Government of the German Empire should engage to suspend the sale of its silver for a term of at least five years, and to replace by silver money the gold five mark pieces and its Imperial Treasury notes, and it should also adopt for its silver coins, or at least for those of five and two marks, the ratio of 1 to 15½, conferring on the silver thus coined the full legal tender faculty at present possessed by the thalers.

2. Her Britannic Majesty's Government should enter into an engagement with the other States to increase the legal tender faculty of its silver crowns.

If these conditions were accepted by Germany and England, Italy might agree with the other States of the Latin Union, and with the United States of America, in resuming the limited coinage of silver for a term which should not exceed that fixed for the suspension of the sale of silver by the German Empire.

The quota of each State in the coinage of silver should be based on a proportion to be established relatively to the populations of the States. This quota would be binding on each State as a minimum, and each State might exceed it on fixing the rules and special guarantees for a limited mintage, to which private individuals and banks of issue should be admitted.

Italy could in no case enter on the path of the free and unlimited coinage of silver if Germany and England, or one of them, did not unreservedly adhere to it.

Twelfth Session.
Mr. Fremantle.

Mr. *Cernuschi*, Delegate of France, asked leave to speak on the declaration just made by the First Delegate of Italy.

The *President* did not think he could allow a discussion on this declaration of the Italian Government.

Official notice was taken of this declaration, and it was ordered to be inserted in the Minutes.

Mr. *Fremantle*, Delegate of Great Britain, presented the reply made by the Bank of England on being consulted, according to the wish of the Conference, on the monetary question.

This document was ordered to be published at the end of the present minutes. (Appendix, p. 197.)

Mr. *Fremantle* next read the following declaration :—

DECLARATION of the *Delegate of Great Britain*.

In pursuance of the announcement made to the Conference at last Saturday's Session, I have the honour of making the following communication on behalf of my Government :—

The United States Minister at London, in the course of a conversation with Her Majesty's Secretary of State for Foreign Affairs, having expressed an opinion that it would be possible to arrive at an agreement between the other Powers on the monetary question, if (*inter alia*) the Bank of England should agree to exercise the powers conferred on it by the Bank Charter Act of 1844 (7 & 8 Vict. c. 32, ss. 2 and 3), and if the Treasury would put a question to that effect to the Bank Directors, Lord Granville applied to that Department, and through that channel obtained a reply from the Bank Directors. In this reply the Bank declares its readiness to exercise the power above mentioned, on condition that the mints of other nations revert to the observance of rules ensuring the exchange of gold for silver, and of silver for gold, at a legal rate.

Her Majesty's Government, having subsequently learned that Mr. Lowell's action was in no way the result of instructions from his Government, did not deem it proper to follow up the declaration of the Bank of England by communicating it to the Conference through its delegate.

A similar proposal having, however, within the last few days, been submitted by the Ambassador of His Majesty the King of Italy at London, on behalf of his Government, Her Britannic Majesty's Government has promptly given it the respectful reception it will always accord to the representations of one of the great Powers of Europe.

I have, therefore, the honour of laying on the table of the Conference the exact words used by the Bank of England in the above-mentioned communication :—

"The Bank Charter Act permits the issue of notes upon silver, but limits that issue to one-fourth of the gold held by the bank in the issue department.

"The purchase of gold bullion is obligatory and unlimited, the purchase of silver bullion is discretionary and limited, the distinction being enforced by the necessity of paying all notes in gold on demand.

"The re-appearance of silver bullion as an asset in the issue department of the Bank of England would, as is understood by the Foreign Office letter, depend entirely on the return of the mints of other countries to such rules as would ensure the certainty of conversion of gold into silver, and silver into gold. The rules need not be identical with those formerly in force; the ratio between silver and gold, and the charge for mintage, may both or either of them be varied, and yet leave unimpaired the facility of exchange, which would be indispensable to the resumption of silver purchases by a bank of issue whose responsibilities are contracted in gold.

"Subject to these considerations, the Bank Court are satisfied that the issue of their notes against silver, within the letter of the Act, would not involve the risk of infringing that principle of it which imposes a positive obligation on the Bank to receive gold in exchange for notes, and to pay notes in gold on demand.

"The Bank Court see no reason why an assurance should not be conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, would be always open to the purchase of silver under the conditions above described."

Count *Rusconi*, Delegate of Italy, next spoke in these terms :—

Mr. President,

I rise for the purpose of putting a few questions which it seems to me necessary to solve before we separate.

The rehabilitation of silver is desired; that is the desire expressed by all the delegates; but do we wish to rehabilitate silver bullion, silver as a commodity, or silver designed for conversion into money?

There

There is a distinction here which it appears to me necessary to point out.

The commodity silver restored, or rehabilitated, would leave the question, as has been remarked, at the very point where it was; the situation would not be altered by bullion selling at 100*d.* or 80*d.*

If, on the contrary, it is a question of silver to be converted into money, it is necessary first of all to establish whether there can be a money in the real signification of the word, the metal composing which has not unlimited coinage, any more than unlimited paying power.

Restrictions and reservations on this point stand for nothing; there is no middle course between to be and not to be.

If this be the sense in which we mean to rehabilitate silver, it remains to be seen whether the Conference thinks a Bimetallic Union between a group of States, between, for instance, America, the Latin Union, the Netherlands, Spain, &c., would suffice to obviate all the dangers which the monometallic States might create a fear of.

At the last Session of our meeting in May, I had the honour of drawing the attention of the Conference to the definition of money, which might, in my view, facilitate our future discussions, and to which our honourable colleague, Mr. Pirmez, was good enough to reply. "Yes," he told me, "money is a commodity, but a commodity weighed and verified by the State."

Let us for a moment accept his definition and see whether, even considering money as a commodity, dangers would be incurred by adopting the double standard.

What is the danger according to monometallists, and according to their definition? It is that money, being a commodity, would be liable as such to all the fluctuations of supply and demand, and, therefore, the fixing of a ratio would be impossible, and above all we should incur the risks of a supply which should exceed the demand.

But how can such an eventuality be assumed to be likely when the taxes alone paid to the State make so large and sure a demand? How could the demand be lacking when it is already fixed *à priori*? And would not taxes alone give a margin large enough so that no danger need be feared?

As to the supply, can anybody imagine that it would not be proportioned to the demand? If not, would it not be as if a country had no means of paying its taxes? Now the demand once certain, just as the supply is certain, what danger, even viewing silver as a commodity, can there be in making it, like gold, a measure of value?

Whether, therefore, money be viewed as a commodity, or as what it really is, viz., a pure and simple creation of law, no danger appears to arise in trying, once for all, to make silver again money as it always has been.

The crisis, this unhappy crisis, which we are going through, has already lasted too long; it cannot last much longer; there are questions which you may refrain from raising, but which once raised must be solved, and this is one of them. It is on this account that I ask the Conference, before separating, to consider a few questions which I have the honour of submitting to it.

What, indeed, would be the result of this *status quo*, were it to last some time longer? The States possessing silver would be forced to repeat the experiment of Germany and sell it, not by reason of their being converted to monometallism, but in order to get rid of a commodity which had become useless. And if France, for instance, who has 1,200 millions of crowns in her bank, decided on utilising this dead mass in some way, and offered 500 or 600 millions for sale; if America, repealing her Bland Bill, entirely stopped the coinage of silver, how would the monometallic States face this immense mass of white metal (let us add Germany's 600 or 700 millions in thalers), which would hang over them like Damocles' sword? Yet would not these silver States, driven to extremities as they would be, have a right to come to such a resolution?

The danger is, therefore, great for all, and cannot be warded off by a Platonic declaration like that of 1878. The Conference must make some declaration on these questions. A good definition would alone take us a step forward, and urge us to follow up the road still to be traversed. To refrain, to evade these questions, to separate without saying anything on this subject, would not seem to respond, I say it with all possible respect and deference, to the legitimate expectations excited throughout the world by our meeting.

Before separating, therefore, I should like the Conference to reply to these simple questions:—

1. Is there enough gold for carrying on all the business and all the transactions of the world?
2. In view of the necessity of another money besides gold, can that money be other than silver?
3. Are unlimited coinage and unlimited legal tender faculty indispensable conditions for forming money?
4. Are the essential qualities of money in any way affected by the production of the mines?
5. Does the consideration of the price of the metal composing it stand for anything in the question of money?

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M. Pierson.

6. Would the suspension of the sale of silver, or a greater use of that metal, if they can contribute to raise its price, be sufficient to justify a re-opening of the mints to the coinage of silver?

Such, in my opinion, are the six questions on which something should be said before declaring the Session closed.

Mr. *Pierson*, Delegate of the Netherlands, asked, and obtained leave to speak, and expressed himself in these terms:—

Gentlemen,

The communication of the honourable Mr. Fremantle is of the highest importance, but especially from a point of view to which I wish to call your attention.

We learn that the Bank of England, at the instance of the British Government, engages to act upon a clause in the law of 1844, empowering it to have one-fifth of its metallic reserve in silver. This engagement, however, is not unqualified. The Bank is inclined to act in this way on condition only of a bimetallic league being formed embracing several great States.

We find the same reservation in Sir Louis Mallet's speech of the 17th May: "For a certain period," our honourable colleague then told us, "the Indian Government will undertake to maintain its existing system of the free coinage of silver, but only on condition that a certain number of the principal States of the world undertake, on their part, to maintain for the same period the free coinage of silver, with full paying power in the ratio to gold of 15½ to 1." (See page 67.)

Why this reservation? Why is not the Bank of England disposed to buy silver bullion unless under the particular circumstances here indicated? Why does not the Government urge the Bank to adopt that measure on some other ground than the formation of a bimetallic league? You will tell me, gentlemen, that the question is naïve, and I admit it. How can we expect the Bank to buy silver as long as that metal is treated throughout Europe as proscribed, as a *pariah*? It might as well buy sugar, cotton, whatever it pleases; for all merchandise is convertible into gold, silver no more than the rest. For that metal to enter in a regular way into the metallic stock of the Bank its value must be steady, and this result can never be obtained except by the means indicated.

I repeat, the British Government is right; but observe, gentlemen, what an important declaration it has just made to us from the theoretical standpoint. The great question which divides us is this: will the adoption of the double standard by a large number of States have the effect of rendering the price of silver stable as expressed in gold? We say yes, our opponents say "no; the effect of a bimetallic league will never be such; your principle is unsound; you are going against the nature of things; the ratio of value between gold and silver is regulated by causes with which law has scarcely anything to do." Now here is the British Government coming and placing itself on our side, inasmuch as it approves of the Bank taking a measure which, I say this on the strength of experience gained in a practical career, would be the greatest absurdity, would be most prejudicial to the interests of the Bank's own shareholders, unless the adoption of the double standard had the effect of making the price of silver stable. People emphatically told us "you are wrong," but they come and make us a declaration which implies "you are right." They even go further than several of us, for it is well known that certain bimetallicists refuse to acknowledge that their system would work well as long as England forms no part of the Bimetallic Union. The English Government and the Bank are not of this opinion. They believe that a merely partial league will have the desired result.

This then is what I would say to England: you are friendly, but you are not logical. If you really believe that the double standard system can make the price of silver stable, why do you refuse us your co-operation? If you accord it, the present situation would immediately change from top to bottom. The Netherlands, as is seen by the declaration I have made, would scarcely hesitate to adopt bimetallicism. France, the United States, and Italy, would be quite disposed to do the same; in short, a union would very soon be formed comprising the most important commercial countries, and I cannot believe that Germany would refuse to form part of it. You have but to utter a word, and the thing is done. Others are hesitating only because they are afraid of failing without you. Look, moreover, at the probable, or at least possible, effects of your refusal. The countries with the "limping" standard cannot permanently maintain that system, which is contrary to the simplest, the most elementary rule, viz., that the legal value of money should not be above its value as metal. The United States will not go on coining silver; they will adopt the single gold standard. Italy will do the same, as also Austria, as soon as she emerges from forced currency. Do you realise what all this means? It means fall of silver, your Indian money, and rise of gold, your home money. It means entire derangement of prices, monetary confusion, commercial chaos. We are told in the end order will be re-established. Indeed, order always ends by being re-established, but is this a reason for not fearing revolutions?

There is an English national song which begins thus: "Britannia rules the Waves." To rule the waves is a thing of the past; it is no longer permitted to any nation to do this. But there is something far grander, it is to rule men's minds; to take the lead in a great movement. You did this by being the first to adopt the free-trade system; crown your

your work by perfecting the *instruments* of trade. The situation is serious. On you it depends whether the evil assumes enormous proportions, or is entirely removed.

Twelfth Session.

The *President* proposed that the Conference should adjourn to an early day.

After the important declarations of Italy and England, just communicated to the Conference, it was necessary for the Delegates to have the text of them under their eyes at the earliest moment, and to weigh their bearing upon the ulterior resolutions they might be led to take. For this purpose, the two declarations of the First Delegate of Italy and the Delegate of Great Britain would be immediately printed and distributed.

In the second place, the *President* thought it would be well to decide at this next meeting on the temporary or final suspension of the Sessions of the Conference. After such full debates, after such profound discussions which governments and *savants* had watched with the warmest interest, it was difficult for fresh speeches to throw further light on the question, or to give the deliberations additional *éclat*. It, therefore, seemed desirable to decide either on the closing, or on the adjournment, of the Conference. Such would be the twofold object of the next meeting, which might be fixed for Friday, 8th July.

Mr. *Sejsmit-Doda* urged that if a discussion of the declarations was to take place at the next Session, that discussion should bear not only on the declarations of Great Britain and Italy, but also on those of the Netherlands and Germany.

The text of these four declarations should, therefore, be simultaneously distributed to all the members of the Conference.

The *President* remarked that he had had no idea of submitting the declarations to a discussion. In directing the prompt printing and distribution of these documents he had merely wished to enable the members of the Conference fully to comprehend the bearing of these communications.

Mr. *Pirmez*, Delegate of Belgium, asked that the next meeting should be fixed for the day following.

After an exchange of observations between Mr. *Cernuschi*, Mr. *Evarts*, Mr. *Pirmez*, and the *President*, the Conference decided that the next meeting should be held on Friday, the 8th July 1881, at 1 p.m.

Mr. *Cernuschi* presented a note respecting the coining of silver on private account, and the draft of an international monetary treaty drawn up by him before the meeting of the Conference.

These documents were ordered to be annexed to the Minutes. (*See Appendix*, pp. 175 and 242.)

Mr. *Forssell*, Delegate of Sweden, presented the replies of his Government to the questions put by Mr. *Broch* as to the coinage of gold and silver money in Sweden from 1857 to 1880 (*Appendix*, p. 186), and by Mr. *Lardy* as to the industrial use of the precious metals. (*Appendix*, p. 193.) He took this opportunity of informing the Conference that the Swedish promoter of the bimetallic system alluded to by Mr. *Cernuschi* in his speech at the Sixth Session was not the Governor of the Bank of Sweden, but the director of a private mortgage bank.

Mr. *Lardy* handed in some notes on the industrial use of gold in Switzerland. (*Appendix*, p. 195.)

Mr. *Dana Horton*, Delegate of the United States, presented a note touching certain questions suggested by Count *Rusconi* concerning the value of money. (*Appendix*, p. 281.)

The Session closed at three o'clock.

THIRTEENTH SESSION.

Thirteenth Session.

Mr. Evarts.

Friday, 8th July 1881.

Mr. *Magnin* presided, and there were present the Delegates of—

Austria-Hungary,	The Netherlands,
Belgium,	Portugal,
Denmark,	Russia,
Germany,	Sweden and Norway,
Great Britain, British India,	Switzerland,
Greece,	United States of America, and
Italy,	France,

who were present at the previous meeting.

The Session was opened at 1.30 p.m.

The Minutes of the previous meeting were read and adopted.

Mr. *Dumas* laid on the table, as supplementing the information already communicated to the Conference respecting the industrial use of gold and silver, a return of the deliveries made to the Paris trade by one of the principal refining firms of Paris during the nine years, 1872—1880. (*See Appendix*, p. 191.)

Mr. *Dumas* remarked that, according to this table, the average deliveries to the Paris trade were about 24,000 kilogrammes of silver and 465 kilogrammes of gold. Assuming that the operations of the other Paris refiners came to half those of this firm, an average was arrived at of 36,000 kilogrammes of silver and nearly 700 kilogrammes of gold, worth 7,255,000 francs, at 200 francs per kilogramme for silver, and 2,370,000 francs, at 3,400 francs per kilogramme for gold. This average, moreover, must be considered a minimum. Indeed, the figures for the year 1872, which was included in the estimate, were exceptionally small; from various causes it represented for pure silver a consumption of only 13,000 kilogrammes, whereas the normal consumption varied between 16,000 kilogrammes and 20,000 kilogrammes, and the average was thus materially reduced. It must not, moreover, be lost sight of, that the figures just indicated were necessarily incomplete, for outside Paris, in the provinces, there existed, especially at Lyons and Besançon, very important centres for refining and for consumption; and the industries of these cities used quantities of the precious metals, the amounts of which could not, for the present, be accurately calculated.

Mr. *Evarts*, on behalf of the Delegates of France and the United States of America, read the following declaration:

“The Delegates of France and of the United States, in the name of their respective governments, make the following declarations:

“1. The depreciation and great fluctuations in the value of silver relatively to gold, which of late years have shown themselves, and which continue to exist, have been and are injurious to commerce and to the general prosperity, and the establishment and maintenance of a fixed relation of value between silver and gold would produce most important benefits to the commerce of the world.

“2. A convention entered into by an important group of States by which they should agree to open their mints to free and unlimited coinage of both silver and gold at a fixed proportion of weight between the gold and silver contained in the monetary unit of each metal, and with full legal tender faculty to the money thus issued, would cause and maintain a stability in the relative value of the two metals suitable to the interests and the requirements of the commerce of the world.

“3. Any ratio now or of late in use by any commercial nation, if adopted by such important group of States, could be maintained, but the adoption of the ratio of 15½ to 1 would accomplish the principal object with less disturbance in the monetary systems to be affected by it than any other ratio.

“4. Without considering the effect which might be produced towards the desired object by a lesser combination of States, a convention which should include England, France, Germany, and the United States, with the concurrence of other States both in Europe and on the American Continent, which this combination would assure, would be adequate to produce and maintain throughout the commercial world the relation between the two metals that such Convention should adopt.”

The

The *President* then communicated to the Conference a French translation of this declaration.

Thirteenth Session.

Mr. Forssell.

The *President* informed the Conference that since the last Session a considerable number of delegates of the invited Powers had, in private conversations, expressed a desire to see the Conference suspend its labours, and adjourn to some later date. The *President* deemed it right to inform the Conference of this desire, begging that the question be examined and discussed. In the event of its being favourably entertained, the delegates of France and of the United States would have the honour of submitting to their colleagues the draft of an explanatory resolution suspending the Sessions of the Conference for a length of time, which would then have to be determined.

Mr. *Forssell*, Delegate of Sweden, asked leave to speak, and expressed himself in these terms:—

Mr. *President* and Gentlemen,

I am opposed to the proposal for an adjournment to a later date. My reasons are as follows: In the first place, I ask you, gentlemen, whether it would not be a little exceeding diplomatic decorum thus by repeated adjournments, and without taking the opinion of our respective governments, to give a certain permanence to our meetings. For my own part, at least, I cannot share in it, except under the reservation of the entire freedom of action of my government, and as there are governments infinitely more interested in the question than mine, I presume the majority of my colleagues would do the same, which would convert the nominal adjournment into a real separation. For what would this adjournment really signify? Should it be inferred that we lack either sufficient information to enable us to judge of the monetary situation, or official declarations, precise enough to enable us to judge of what I may call the political situation? Not at all. As regards information, we have already received from nearly all the delegates explicit replies on questions of detail; what still remains to be finished is that investigation into the state and movement of the prices of commodities which is, however, of a more theoretical than practical nature, and is matter for a commission of inquiry rather than a Conference.

As to declarations, we heard the day before yesterday that of the delegate of the Netherlands intimating that the Netherlands Government would not hesitate to propose the free and unlimited coinage of silver as soon as the double standard system should have been re-established in an area including all the great States of Europe and America, but that that Government could not engage to act thus if this system be established only in a more limited area; then that of the Italian Government assuring us that Italy could not enter on the path of the free and unlimited coinage of silver if Germany and England, or one of them, should not unreservedly adhere to it. These declarations are quite clear, and leave no doubt respecting the conditions of the adoption of the bimetallic system by these two States.

Next comes France, whose most advanced bimetallist delegate held, at our Fifth Session, bold language concerning a bimetallism possible, even with two great Powers, "*même à deux*." Mr. Cernuschi assured us that the bimetallic union would be supreme in the world, even although it comprised only the United States and France. It was this bipartite convention which the liberal propositions of England and Germany suggested to the two Powers. We might, therefore, have regarded this declaration by Mr. Cernuschi as a proposition for an agreement between France and the United States alone for the free and unlimited coinage of silver. Happily one of the delegates of the United States has recently disillusionised us as to this bipartite agreement. Mr. Thurman, speaking at our tenth Session of the proposition that the United States and France alone, or with the chief States of the Latin Union, should open their mints to the free and unlimited coinage of silver, plainly told us, as regards his government, that a treaty of this kind could not be accepted by the United States. The Americans, he says, do not desire an arrangement which might have the effect of diminishing the quantity of gold in the United States; and as for the propositions which were made in our last Session by Germany and England, pointing at this bipartite union between France and the United States, he assures us that, although he recognises their importance, they are very far from responding to the exigencies of the occasion, and have no chance of being favourably received.

This firm and clear language is sufficient to convince us that this bipartite bimetallism is quite as impracticable as individual bimetallism, and that, consequently, the only practical bimetallism is that of all the world, which necessarily implies the adhesion of Germany and England.

We therefore adjourned six weeks ago, in order to give rise, if possible, to a modification of these declarations of the two States, hitherto apparently insufficient. We came back, and the delegate of Germany told us at our Tenth Session that he had nothing to add to the declaration of our Second Session. The delegate of Great Britain the day before yesterday communicated nothing, absolutely nothing, to us on the part of his Government, and on the part of the Bank of England, he announced, what we knew before, that it is free to buy a certain quantity of silver; this is all. We still remain in a very singular position, in which everybody is pressing for a bimetallic union, but on condition of its being joined by England and Germany, who do not accept the invitation, while, on their side, England and Germany invite you to adopt this bimetallism *à deux*, which you all reject, except Mr. Cernuschi.

Thirteenth Session.

Mr. Forssell.
Mr. Denormandie.

In such circumstances what would the proposed adjournment really signify? Nothing—except perhaps a hope of getting the United States Government to change its mind as to bipartite bimetallism, or the German and English Governments to change their minds as to universal bimetallism. No doubt the delegates of these Governments would, by their assent to the adjournment, give a support to that hope which, however, has really very little foundation.

Would it not be better at once to acknowledge the fact that the projects of bimetallism, failing the adhesion of certain States, have collapsed? And as in point of fact the present situation is scarcely different from that which dictated the resolutions of the last Monetary Conference, the difference consisting in the declarations of Germany and England, who evince their desire to avoid any forcible and sudden alteration in their monetary systems, it seems to me that it would be proper for the Conference, in concluding its labours, to declare its adhesion to the opinions enunciated by the Monetary Conference of 1878, on the necessity of maintaining the monetary function of silver as of gold.

Baron *Von Thielmann*, First Delegate of Germany, thought that in view of the divergencies of opinions revealed by Mr. Forssell's speech, it would be somewhat difficult to discuss the proposition for adjournment without knowing its terms. He should therefore deem it well if the French and American delegates would be good enough to communicate to the Conference a draft of an explanatory resolution.

After some observations to the same effect from Mr. Denormandie, the Session, on the proposal of the President, was suspended for 20 minutes.

On resuming, the *President* read the following draft resolutions:—

"The Conference, considering that in the course of its two Sessions it has heard the speeches, declarations, and observations of the delegates of the States hereafter enumerated—

Germany,	France,	The Netherlands,
Austria-Hungary,	Great Britain,	Portugal,
Belgium,	British India,	Russia,
Denmark,	Canada,	Sweden,
Spain,	Greece,	Norway,
The United States,	Italy,	Switzerland;

"Considering that the declarations made by several of the delegates have been in the cert. name of their governments;

"That these declarations all admit the expediency of taking various measures in con- under reservation of the entire freedom of action of the different governments;

"That there is ground for believing that an understanding may be established between the States which have taken part in the Conference;

"But that it is expedient to suspend its meetings;

"That, in fact, the monetary situation may, as regards some States, call for the inter- vention of their Governments, and that there is reason for giving an opportunity at present for diplomatic negotiations;

"Adjourns to Wednesday, 12th April 1882."

Mr. *Denormandie*, Delegate of France, next rose to speak, and expressed himself in these terms:—

Gentlemen,

You have before you a proposition for a prorogation of the Conference. The two Governments of the United States and France concur in that proposition, and they have consequently drawn up a formula which has just been read to you by the President and the object of which is to sanction this prorogation.

The proposition thus made to you calls for a few explanations; in the first place, out of deference to all of you, and also as especially decorous towards our honourable colleague, who has lately given expression to a different opinion, and to whom we are bound to give a reply. It is under the influence of this twofold feeling that, on behalf of the delegates of the two Governments of the United States and France, I ask you kindly to listen to me for a few moments. I will be as short as possible.

We cannot disguise from ourselves that the observations just now submitted to you tend to nothing less than to establish, at least virtually, that nothing has been done here but an imperfect, useless, and empty work.

Now that is a sentiment which it is painful to hear expressed, and whatever decision you may presently take, even though you should not decide in favour of a prorogation of the Conference, it would not, I think, be possible for us to separate without affirming that this has been a mistaken judgment on the part of our honourable colleague, that the Conference has steadily progressed towards a tangible and useful end, and that, within the measure of possibilities, it has certainly attained it. Each day has its work. There are problems which it is impossible to solve at once.

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The first question, gentlemen, which presented itself was assuredly whether you had the qualifications and competency for assembling to study in common a problem of general interest, to solve it, and to carry out your decision. I am aware that this question was not expressly raised. I am aware that only after several days' sessions was it alluded to in one of his striking speeches by our eminent and esteemed colleague, Mr. Pirmez. But what I may assume is, that at the outset some of you must have put it to yourselves. Well, gentlemen, it has been solved; it has not been solved here; it has not been solved by a vote, but it was virtually solved on the day when the governments to whom France and the United States addressed themselves decided upon responding to that appeal, on delegating and sending you here, and this not merely, allow me to say, from a sentiment of courtesy and deference of governments towards each other, but evidently with the seriously conceived idea of doing something. Do not exaggerate my idea, or my language. I know quite well that some of you came here with restricted instructions; that reservations have been made of which official notice was taken. I am quite aware that in one country there may exist old traditions worthy of respect, that in another a monetary reform has been effected which may not leave complete freedom of action. But by the side of these great questions of principle, reserved by the instructions which you have received, and by your attitude in this assembly, it is certain that the governments which sent you, well understanding the general interest, thought they did so to some purpose; if not a purpose which it was possible immediately to attain, at least a probable purpose, and with a view to a work which some day or other might be accomplished. You consequently had qualifications and competency for coming here and for co-operating in the common work.

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M. Denormandie.

This is a very important point, and in thus reverting to the past, I attach, for my part, considerable interest to establishing it, in order to give due weight, were it necessary, to the work, whatever it is, and we will consider it in a moment, which you have up to to-day accomplished. I attach considerable interest to it as regards the work which you will perhaps accomplish, as we must hope, when you re-assemble.

The examination I have just made had especially the object of bringing out what I may call the first useful result of the initiative taken by your governments, namely, the favourable reply to the invitation, the question of utility examined and virtually settled by all the governments, your arrival here, the formation of this great council, of this high court, the common elaboration of all the questions, all implying, in the highest degree, the consciousness of a task which was useful, which might lead to effective legislative action.

Having said this, gentlemen, I wish to bring out another very considerable result of the labours of the Conference, namely, that be it through declarations or in speeches, you have all acknowledged that we were confronted by a deplorable situation; that there were sufferings, that the monetary position of the world was very grievous, that silver was in discredit, that it had ceased to have an international circulation and legal tender faculty, and that whatever the individual sentiment on the question of principle, there was something to be done.

This means a great deal, gentlemen; even if the Conference had had no other result, this alone would be an important result.

I have said that everybody made this declaration, but it had more interest in some cases than in others. It was well known, indeed, that a certain number of governments among those represented here were bimetallists; the tenets on that head of a certain number of our colleagues were known; I shall therefore make no comment as regards them; but what it is interesting and useful to note is the loyalty, the frankness, with which those of you who are monometallists, and I profoundly respect their opinion, as is always a duty towards opponents, have acknowledged that there was something to be done. If I were not afraid, gentlemen, of trespassing on your time, and if you would kindly allow me a few moments more, I would place before you the various expressions of feeling and opinion which have the greatest weight, especially when we consider by whom they were enunciated.

On the 5th of May the first delegate of the German Empire made this declaration:

"While thus considering the monetary situation of Germany as firmly established, we in no way overlook the bearing of the fall of silver which has since happened.

"We acknowledge, without reserve, that a rehabilitation of silver is to be desired, and that it might be arrived at by the re-establishment of the free coinage of silver in a certain number of the most populous States represented at this Conference, who for this purpose would take as the basis a fixed ratio between the value of gold and that of silver."

Baron Thielmann made his reservations concerning the system and the monetary reform of his country, as he had a right to do, but at the same time with a good will for which we are grateful to him, and with great candour he admitted there was something to be done.

The delegate of British India at the same session said:

"Although the Secretary of State as well as the Council of India do not think they can cherish the hope in existing circumstances of any radical reform in the monetary system of India, they are ready to take into consideration any measures the introduction of which into India might be suggested, in order to re-establish the value of silver."

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The representative of Austria-Hungary made this declaration :

" Our sympathy is ensured for any measure which should be adopted with the view of improving or restoring as far as possible the position of the white metal.

" We therefore willingly hope that the Conference will not definitely separate without having adopted some remedy to obviate the inconveniences of the existing monetary situation which, in our view, is serious from more than one standpoint."

And the representative of Switzerland at the same session said :

" The Federal Council has sent delegates to the Conference solely because it considers this Conference as having only a preliminary character, and as having for its sole task the investigation of the bases on which an acceptable treaty might be constructed."

We have sought for those bases, we have brought them together, and we have thus responded to the special idea of one of our honourable colleagues. An accord may be usefully sought for between the different governments, and this is why in the text of the draft resolution just communicated to you by the President allusion is made to communications which the various governments, in presence of all the elements of information and of all the documents for which we are indebted to the labours of the Conference, may now usefully exchange through the channels of diplomacy.

The honourable delegate of Norway is assuredly beyond suspicion; he is one of the most weighty and dangerous representatives of the system which we combat, dangerous by his experience and science, dangerous by the weight of his character. Well, gentlemen, he has said to us :

" In short, there is unquestionably a great interest, not in rehabilitating silver, which seems to me impossible, but at least in obstructing its fall. The true means, however, of succeeding is not arbitrarily to raise the value of that metal in Europe and America, it is to encourage its use in the Oriental countries which still prefer it, in that vast Chinese Empire scarcely opened up to Europe, in that immense African continent now attacked on all sides, where trade is still carried on only under the primitive form of barter, but where it would doubtless be easy to introduce the use of silver money. In order that the metal may recover from its present discredit, ..."

I do not give the whole quotation; the Conference well remembers the words of the delegate of Norway; he added, " the production of gold is still half a milliard of francs per annum." No doubt, gentlemen, these declarations of our honourable colleague do not contain anything so explicit as the other quotations I have already put before the Conference, yet he acknowledges in a general way that something must be done, that silver is in a situation which demands a remedy; and I am not sorry to seize in passing this avowal, " the production of gold is still half a milliard per annum," which implies that, in Mr. Broch's own mind, the production of gold has sensibly diminished for a certain number of years.

Mr. Pirmez, in the name of Belgium, rose to speak on the 7th May, and made the first of his addresses, for we have had the pleasure, always very great, of hearing him several times.

It is important, he said, " to establish that the existing situation which, without doubt, is not perfect, contains neither the evils which have been portrayed, nor the dangers with which Europe has been threatened"

" It is certain that on the payment of the tributes received by the Indian Government from the native princes, and which are fixed at a certain number of rupees, England undergoes a certain loss, inasmuch as she receives a uniform sum, the real value of which has diminished through the fall of the rate of silver"

" There is little to be said of the States subject to the paper money system. It is evident that for these Powers the financial question controls the monetary question. It is also certain that, considering only the financial standpoint, they might find an advantage in adopting the silver standard, inasmuch as it would furnish them a very legitimate means of discharging their debts at the smallest possible cost."

The representative of Russia, on the 6th May 1881, said :

" To deny the dearth of gold is almost denying daylight, and this dearth will probably increase, for from the monetary point of view, the eventuality of the resumption of specie payments by Italy, by Austria-Hungary, and by Russia, threatens Europe with a great danger.

" It can be warded off only by returning, at least partially, to the use of silver, which has too suddenly been dispensed with, and which has taken its revenge on us."

The delegate of the Swiss Confederation, on the 10th May said :—

" There remains the second point on which I proposed to say a few words, viz., the stock of coined silver existing in the Latin Union. I admit that this is more serious" (remark gentlemen that these are all our opponents who speak thus), " and that there are here inconveniences for the present, and elements of danger for the future I think it behoves us to seek a remedy for this state of things."

On the 17th May the Honourable Mr. Fremantle, delegate of England, declared that his Government would not fail to take into very serious consideration the conclusions adopted by the Conference.

" It would be very glad to be able without modifying the situation in which it was placed, and without renouncing the gold standard system, to discover a means of affording its co-operation in the work undertaken by the Conference, namely, the restoration of the value of silver"

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The delegate of Germany on the 4th July 1881, said :—

" I do not dispute that the re-establishment of the free coinage of gold and silver at a fixed ratio in a certain group of States would raise the price of silver to the rate corresponding to that ratio, and that its future oscillations would be but insignificant."

At the session of the 4th July we had the good fortune of hearing my illustrious neighbour, Mr. Dumas. After his speech Mr. Broch rose and said :—

" Mr. Dumas thinks that 10-franc, 5-franc, 10-mark, and 10-shilling gold pieces, should no longer be coined, in order proportionally to increase the use of silver. That again is a point on which monometallists are agreed with him, just as they are unanimously in favour of retaining the use of the three metals."

If I could thus continue my quotations we should end perhaps by being all agreed on all points.

England (in her last declaration) expressed herself thus two days ago, by the medium of her delegate.

" Subject to these considerations, the Bank Court are satisfied that the issue of their notes against silver, within the letter of the Act, would not involve a risk of infringing that principle of it which imposes a positive obligation on the Bank to receive gold in exchange for notes, and to pay notes in gold on demand.

" The Bank Court see no reason why an assurance should not be conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, will be always open to the purchase of silver under the conditions above described."

Such, gentlemen, are the extracts which I wished to place before your eyes in order to impress upon your memory the unanimous assent which has been given to this proposition, that there exists in the world a bad monetary situation to which it is necessary to apply a remedy.

It is satisfactory to be able to say that on this platform we have all, both monometallists and bimetallicists, been unanimous in testifying to the existence of the evil. This was the second point, that is to say, the second useful result, secured by our Conference, which I wished to bring out.

Assuredly we are still divided on the question of principle, the fundamental question.

But thanks to the candour and good will of all, we have been unanimous in acknowledging the state of discomfort and the state of suffering. Well, gentlemen, I cannot repeat too often that that is a fact of importance, for morally it binds us all to discover a remedy for a situation which we acknowledge to be bad.

Now that remedy, gentlemen, you have sought for with untiring industry. Your industry is represented by an enormous quantity of documents, of materials, by numerous ideas which have been expressed, by brilliant discussions; and all this constitutes, in addition to what I have just said, a very important result.

You have all with extreme zeal presented documents which form admirable archives for the question involved, independently of the speeches delivered, the declarations made, and the opinions enunciated. The question is complex and difficult; it subdivides itself; you have treated theoretically and in principle the thesis of monometallism as opposed to that of bimetallicism; then all the questions involved in this: silver as international legal tender, the question of the fixed ratio between the two metals, the figure of that ratio, &c. &c. All these, gentlemen, constitute questions of the highest importance, and you have so seriously studied these difficult problems that you have now in the record of your sessions all the elements for a decision.

Could that decision have been formed at once? Why, gentlemen, it would have been a miracle; it was impossible, and as you have always been animated by an admirable spirit, as you have all felt that the solution of the problem could not be attained immediately, you have, through the natural bent of your mind and of your good dispositions, with extreme frankness, without deviating from your principles which we thoroughly respect, sought every means which would justify a postponement of the fundamental question. A radical solution can be waited for.

Time may do much for this; facts, always more eloquent than speeches, may one day impose this or that solution.

Meanwhile, the various means which some of you have imagined may be examined, may even be combined, may serve as the bases of a treaty by means of which we might to a certain degree fence with the difficulties of the situation if even only for a limited time, by way of experiment, and in order to pass through a kind of phase of transition. All those, therefore, who may henceforth devote attention to the monetary question will find veritable treasures in your records.

Gentlemen, it seemed to me that inasmuch as one of our honourable colleagues had laid before you a proposition for a final adjournment, it was well in this way to place before your eyes a kind of summing up, recalling the labours carried on, the results obtained, the road traversed.

And now that we have just made together this retrospect, are we not better able to say to our colleague, "No!" Can you seriously contemplate the question of your final adjournment?

I confess that for myself I should consider this really deplorable. If this was to happen it was not worth while going through all the labour which you have imposed on yourselves; it was useless to accomplish this great task merely, so to speak, to throw it

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M. Denormandie.
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into the waste basket. You would be neither earnest nor brave if after some weeks' labour you were to say, "The matter is too difficult, we must give it up and separate."

I am confident there will be found here a majority, and a considerable majority, to say, "No, no, this is out of the question." There is even, gentlemen, a moral responsibility on us all; we have the cure of souls with regard to the paramount and general interests which have been entrusted to us. We have not the right to abandon our task.

I will add, in conclusion, that it would not be worthy of the cause which has brought us together, nor of the views which have been brought to the examination of this question.

I cannot indeed forget, and shall never forget, that no personal interest has disclosed itself in our discussions; I mean by this no sentiment peculiar to such and such a nation. You have always forgotten your frontiers, you have never for a single instant been the delegates of this or of that nation, you have been true citizens of the whole world, you have always been inspired by the general and permanent interest of mankind, an interest which is here the supreme law. In order to persevere, gentlemen, in your work two things are necessary, first to allow diplomacy to intervene, because at the point which we have now reached it may be necessary for the Governments to exchange views; and, secondly, to adjourn for the present till next April, in order then to find, if it shall so happen, a solution to the grand problem, which we have before us; for, gentlemen, difficult, and even very difficult as the solution may be, which we are in search of, with the breadth of view which you have brought to your labours, it will be found.

We therefore ask you to pass the resolution which the President has communicated to you.

Mr. Pirmez, first delegate of Belgium, presented the following considerations in support of the resolution:—

I wish, Mr. President, to support, by some very simple considerations, the proposition which is submitted to us.

I should refrain from doing so after Mr. Denormandie's eloquent speech, if the divergence of our views on the very foundation of the monetary question did not seem to me to give a certain value to my words.

A twofold reason justifies this proposition, in my view; it offers advantages, and it involves no inconvenience.

I shall not, doubtless, be contradicted by anybody in affirming that the meeting of States in conference for treating interests common to all is always a happy event which brings nations closer together, and is the best means of promoting the progress of international relations. France and the United States have a right to our thanks for having taken the initiative of this Conference, whose object interests all countries.

The monetary question is a question which raises numerous problems. They bear upon a situation which not only is not perfect, but which will not be so unless at a very distant day. Perfection would evidently be the monetary unity of the whole world. How far we are from that! How many stages to be made before reaching it! But just because we are far from the goal, and because it is difficult to attain, we ought to try and approach it, and every difficulty overcome is a progress. It is, therefore, well not to abandon the examination of a matter in which there is so much to be done.

France and the United States ask us to examine again next year the problems not solved. Why should we not assent? The Belgian Government directed its delegates to take part in these discussions, to examine the questions raised and the solutions proposed, and to make its sentiments, moreover, freely known. It seems to me to be within its views to accede to anything that may throw light upon the situation, and the adjournment, with the subsequent re-assembly which is proposed to us, comes within these conditions.

Would there be any inconvenience in this fresh meeting of the Conference?

The honourable delegate of Sweden appears to me to have been under the idea that to accept this fresh meeting is to acquiesce in the order of ideas of the two great Powers proposing it. Were this the case, I could understand, and should even share his sentiments. But such is not the bearing of the adjournment proposed. The reasons given for justifying it expressly state that each Power retains its entire liberty. We therefore give up nothing of our judgments, our views, our opinions, either on what exists or on what it behoves us to do. To define, in one word, what will be the position of delegates coming to this meeting of next spring, I may say that they will arrive as free from engagements, as unfettered by precedents, as we were at the very outset of this Conference.

The delegates of Belgium will therefore accept the motion for adjournment. They will do so the more willingly because their assent will be a homage to the initiative taken by the two great Republics in trying by an international understanding to realise progress in commercial relations.

Lord Reay, delegate of British India, next spoke, and expressed himself in these terms:—

Mr. President and Gentlemen,—My honourable colleague and myself have the honour to accept the proposition for adjournment addressed to us by the Powers who invited us here. An opportunity for reflection will be useful in order that we may maturely consider the new aspect of the situation.

It is scarcely possible to deny that that situation has been sensibly modified by the important declarations and interesting discussions to which we have listened. Before the Conference met it was difficult to form an exact idea of the dispositions of the governments

ments we have had the honour of representing. This is no longer the case. Valuable pledges have been given, not resting, it is true, on identical bases, but testifying to a tolerably general conviction that the monetary question appertains to the sphere of international action, and cannot be looked at as of merely national interest. In this matter an international concert is the point to be aimed at. The diplomatic efforts we invoke may accelerate a solution which it would have been presumptuous to try to precipitate. The declarations which have been made at the Conference are so many proofs of the desire of governments to arrive at an international *modus vivendi*, without cherishing the hope of carrying out a universal system.

We may perhaps hope that the Governments of his Imperial and Royal Apostolic Majesty, and of his Majesty the Emperor of Russia, will offer the Conference their powerful co-operation for the rehabilitation of silver.

The Government of Her Majesty, the Empress of India, attaches the greatest value to the decisions which those two governments may take in this question, as well in their own interest as in that of the whole world.

The delegates of British India will vote therefore for the adjournment, not merely for reasons of diplomatic decorum, but in view of the possibility that in the future deliberations of the Conference the two above-named governments may, by their friendly support, open up new and serious prospects of establishing an international accord.

The declarations of the delegates of Italy and the Netherlands, so important from all points of view, are alone sufficient to justify an adjournment during which the various Governments may exchange views.

The motion proposed by our honourable colleagues of the United States and France has this advantage, that it does not prejudice diplomatic action, which remains unpledged, and the initiative in which will be taken by the governments of the two Republics.

The delegates of British India flatter themselves that at the next meeting of the Conference the statesmen and eminent *savants* composing the delegations of the United States and France will be able to agree in offering the Conference a programme which will give its labours a practical direction. It would be desirable that this programme should carefully keep within the limits imposed by the governments, and not to aim at the adoption of an absolute theory not previously sanctioned by them. The theorists who will vote for the motion of adjournment will virtually acknowledge that the question is not the application of an economic principle, but the discovery of a *rapprochement* necessary in order to escape the dangers of a deplorable crisis.

Science will declare that diplomacy is not an incumbrance but a valuable ally, and diplomacy on its part will be grateful to science for having opened up new paths. Our task, gentlemen, is too complicated and embraces too many interests to think of solving at one stroke the problem submitted to us. As Mr. Denormandie observed just now in his eloquent speech, "*audaces fortuna juvat*" cannot be our motto. Monetary reforms have not hitherto had the success expected by those inaugurating them; let us therefore be prudent. It is evident there are many obstacles to be overcome before succeeding. The delegates of British India have never been under illusions on this point, and by voting for the adjournment of the Congress they do not abandon the hopes they have always entertained.

Count *Kuefstein*, first delegate of Austria-Hungary, also expressed his concurrence in the motion of adjournment. He would vote for it the more readily because at the final meeting of the first series of sessions of the Conference he expressed a fear that, at the date then proposed, the Imperial and Royal Government would not yet find itself in a position to respond to the question which Lord Reay had suggested concerning the entry of Austria-Hungary into a bimetallic union.

An adjournment to next April offered an opportunity for action more in accord with the importance of the suggestion which had been repeated by the honourable delegate of India, and with the present situation of Austria-Hungary.

The Imperial and Royal Government would conscientiously profit by the delay in studying, and causing examination in both sections of the Empire into the question submitted to it, which involves indeed the question of the monetary future of the Empire.

Mr. *Forssell*, delegate of Sweden, stated that, while retaining his preference for the definitive closing of the labours of the Conference, he did not deem it right in view of the declarations just made, and of the express reservation of the rights of the various governments, to press for the adoption of his proposal.

Mr. *Broch*, delegate of Norway did not hesitate, while also reserving the rights of his government, to support the motion of adjournment. He was glad to testify that of all the monetary conferences held since 1867, and in which he had successively taken part, this would have contributed more than any other to elucidating in all directions the serious problems of monetary science. At no conference had so many valuable documents been presented, nor the various systems been so thoroughly discussed. Theory and practice had had equally brilliant representatives whose co-operation had been in various ways equally useful. Nevertheless it was doubtful whether this Conference would have the considerable results expected from it, viz., the restoration of silver. That restoration seemed impracticable. But there were other apparently secondary, yet important, points on which an accord appeared to be established. There had been almost unanimous acknowledgment of the evil of extending the use of small gold coins and small

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notes, and of the expediency of substituting silver money for them. It had also been testified that there was much to be done in improving the monetary situation by revising the legislation on banks and establishments of credit in general. On this subject one might ask whether it would not be advantageous to borrow from Scandinavian legislation a provision which had hitherto been confined to the three kingdoms, and which conferred on the banks of those States the power of having a certain portion of their stock deposited in the great foreign banks of issue. The means would perhaps contribute to relieving the money market, a result desirable for the whole world, particularly for a country like Norway, where commerce and the mercantile marine formed the chief elements of national wealth.

After this speech the motion of adjournment was again read by the President, put to the vote, and adopted unanimously by the members voting.

It was next agreed that the minutes of the session should be communicated in proof to the delegates, and, after revision, added to the minutes of the 9th, 10th, 11th, and 12th sessions, so as to form the collection of the labours of the second session of the Conference.

Sir *Louis Mallet*, delegate of British India, rose to submit a document.

I have the honour, he said, of laying on the table of the Conference observations which have been handed to us in reply to the questions addressed to us by Mr. Cernuschi at the 6th session. The questions did not seem to us to be of a nature allowing of official replies by the Indian Government, and were consequently submitted to competent persons in London not belonging to the Administration, and I have the honour of presenting to you their respective replies just as we received them (Appendix, p. 206).

But I should add, that while submitting these documents to the judgment of the Conference, the delegates of India cannot accept any responsibility for the opinions or facts contained in them.

I ask permission at the same time to present to the Conference two tables respecting the commerce of British India and the Public Debt (Appendix, pp. 209-219).

Mr. *Forssell*, delegate of Sweden, presented to the Conference the response which the Banks of Issue in Sweden have made concerning the monetary question (Appendix, p. 200).

Baron *von Thielman*, first delegate of Germany, felt bound as an interpreter of the sentiments of all his colleagues, to offer, at the moment the Conference was separating, to the French Minister of Finance the expression of their thanks for the honour he had done them in accepting the Presidency, and for the uniform impartiality with which he had directed the debates.

He likewise begged the President to express to the Government of the French Republic the sentiments of gratitude on the part of the delegates for the gracious hospitality which has been offered them.

He evinced at the same time his regret that reasons beyond his own control had prevented Mr. *Vrolik*, Vice-President of the Conference, from taking part in this last phase of its deliberations, and he begged Mr. *Pierson* to convey to Mr. *Vrolik* the expression of this unanimous feeling, as also the wishes formed by the entire Conference for the speedy restoration of Mr. *Vrolik's* health.

The President cordially concurred in Baron *von Thielman's* concluding words. He would also make it his duty to express to the French Government the sentiments which had been so courteously expressed to him. As regarded himself, he thanked the first delegate of Germany for the feeling, which he felt to be so flattering, to which utterance had just been given.

The President expressed also the pride he felt in directing the labours of the Conference. It would be one of his pleasantest recollections, and the greatest honour of his political life. He recognized the brilliancy, the learning, and the sagacity with which the Conference had treated the great and manifold questions submitted to its examination. He especially congratulated it on having by its last act assured the continuance of the discussion, and paved the way for the solution of the monetary problem. He believed he could say to all the delegates, if not as minister, certainly as friend: *Au revoir* in April 1882.

Mr. *Pierson*, delegate of the Netherlands, thanked the Conference for the sentiments of sympathy just manifested by it for Mr. *Vrolik*, to whom he would not fail to convey the expression of them.

Thanks were then voted to the Secretaries on the motion of Mr. *Pirmez*, delegate of Belgium.

The Conference separated at 4.30 p.m.

Tuesday, 12th July 1881.—According to the Resolution adopted by the Conference at its 13th meeting, a proof of the journal of the last session was addressed to the different delegates, and submitted in that manner for their approval.

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Appendix.

Section I.

SECTION I.

PAPERS presented by the Sub-committee appointed to draw up a Programme for the deliberations of the Conference (page 9).

(A.)

PROPOSITIONS submitted to the Committee by Mr. *Henri Cernuschi*.

THE Conference might keep practical questions in reserve; but the debate on bi-metallism in the second line, and commence its labours by a general discussion on the theory of money. Science first; interests afterward.

Convinced of the utility of this mode of procedure, the undersigned has prepared the following propositions, and hopes that the Committee will kindly submit them to the Conference.

PROPOSITIONS,

1. Money has a legal and a mathematical value.
2. A legal value, for it is the legislator who fixes the material of which money shall be made, and who makes it legal currency.
3. A mathematical value, or the value of money is in inverse ratio to its mass; that is to say, the quantity of it in circulation.
4. Free coinage in unlimited quantity, and with unlimited legal tender faculty, has the effect of constituting the whole of the metal, old or new, coined or uncoined, a single monetary mass.
5. The issue of metallic money is automatic; the limit of issue is fixed by nobody. The issue of paper money originates with the Government; the limit of issue is fixed by the Government.
6. Paper money is merely national money. Metallic money may be international money.
7. In order that it may be international money there must be similarity of legislation between several States; either gold or silver must, at least, be their common money, with unrestricted coinage and legal currency.
8. The value of money changes if a change occurs in the volume of the material of which money is made.
9. If a change occurs in the value of a commodity, its price changes; but the prices of all other commodities and of all property remain unaltered. If a change occur in the volume, and consequently in the value of money, all prices are changed.
10. Debts and credits, dividends, incomes, pensions, life annuities, all contracts for the future transfer of capital, are fixed in money. If a change occur in the value of money, all those who have to pay, or all those who have to receive, will be injured.
11. For the stability of prices and the security of contracts extending over a long period, the value of money ought to be stable.
12. The material selected for money should be one which is the least subject to diminution of volume, and which is, on the contrary, capable of augmenting; for the augmentation is itself necessary to the stability of the value of money.
13. With silver and gold two materials are obtained, both of which are fitted to serve as money. The silver metal is better than the gold. No other substance exists of which a good monetary material can be made.
14. Coin, the mintage of which is not free, is only national money. If melted down that coin becomes a commodity—a commodity not worth nearly as much as the coin was.
15. The value which gold and silver might have as commodities, if no legislation adopted them for monetary purposes, is not a constituent element in the value of money.

Appendix.
Section I.

16. Money is created for the purpose of measuring the relative value of all commodities and property. Measures are not measured. The value of money is not measured or valued.

17. Money is the material which serves to pay for all that is bought and sold. The material serving as payment can itself neither be bought nor sold. Silver is not bought or sold in silver mono-metallic countries; nor gold in gold mono-metallic countries.

(B.)

DRAFT of a Questionnaire submitted to the Committee by Mr. *Dana Horton*.

I.—QUESTIONS concerning the Nature and History of Money.

II.—QUESTIONS concerning the Modern Monetary Policy (before 1873) of certain States, and its Influence upon the Stability of Purchasing Power of Money.

(A.)—In General.

(B.)—Stability of Domestic Purchasing Power.

(C.)—Maintenance of Steady Par between different Systems of Money.

III.—QUESTIONS concerning Monetary Policy since 1873.

A.—Stability of Domestic Purchasing Power.

B.—Maintenance of Steady Par between different Systems of Money.

I.—QUESTIONS concerning the Nature and History of Money.

1. Does history tell of any development of civil society where there was no imposition and no payment of tribute and taxes, fines and damages?

2. Does not civilisation imply the presence of money as a civil institution, an integral portion of the State, and that that which is legal tender in discharge of the obligations mentioned shall also be an acceptable instrument of valuation on the part of State and individuals, the privileged instrument for preserving, transporting, and exchanging wealth, a convenient medium of commercial exchange, and shall thus become an almost omnipresent element of private contracts?

3. Has not monetary law, which has created almost the entire use made of the precious metals, likewise created nearly the whole of their value?

4. Where several commodities are elevated to the rank of money in different countries, either singly or jointly at some ratio of equivalence (fixed by national monetary law), does not the total monetary law of countries which use either or all of these commodities as money entirely control the relative employment for them, so that at any given time the rate of their equivalence with each other, whether as actual or potential money, is merely the resultant of the complex forces of existing monetary law?

5. Is the principle of freedom of contract or of freedom of exchange opposed to the simultaneous employment of silver and gold money at a fixed ratio established by the law?

II.—QUESTIONS concerning the Modern Monetary Policy (before 1873) of certain States, and its Influence upon the Stability of Purchasing Power of Money.

(A.)—In General.

6. Waiving all questions of the methods of correctly ascertaining general averages of prices, is not stability of average purchasing power the chief desideratum in money?

7. Is not a general reduction of average prices accompanied by a prolonged and insidious crisis?

(B.)—Stability of Domestic Purchasing Power.

8. Has not each nation, in the proportion of the activity of its people in production and exchange, an equal interest in the stability of the average purchasing power (at home) of its money?

9. Did

9. Did not the prohibition of silver coinage in England after 1798, at a time when a war demand for gold had compelled the use of paper money, increase the divergence between paper and gold, and assist in maintaining a situation which made the retention of paper money necessary.

10. Did not England's replacement of this paper money by gold alone (1815-1821), withdrawing from its accustomed channels of circulation a considerable portion of the world's stock of gold at a period when the annual product had been and remained notably deficient, and when the monetary condition of other countries rendered probable a general subsidence of prices, expose England and the Western World to a considerable rise in the purchasing power of money?

(C.)—Maintenance of Steady Par between different Systems of Money.

11. Has not each nation, in the proportion of its relations with foreign nations, either through commerce or through international investments, an interest in the stability of the rate of equivalence between its own money and that of the nation with which it has dealings?

12. 13. 14. 15. Reviewing the monetary policy of the century and half before 1873, during which period monetary law had upheld for silver and gold that position of domestic and international money which they had enjoyed since the origin of civilisation, but had omitted by concurrent or identical legislation to fix the ratio of equivalence between them more closely than is indicated by 14·50 to 16 as the limits of its fluctuation, it is asked whether this fluctuation would not have been materially less:

1. Had England, in 1717 or afterwards, conformed her silver and gold ratio to that of France?

2. Had France, in 1785 or 1803, adopted the ratio of 15 instead of that of 15·50?

3. Had England abstained from outlawing silver as domestic money in 1798 or in 1816?

4. Had the United States, in 1834-1837, adopted the ratio 15·50 or 15·62?

16. With reference to the same period, it may be asked whether, in addition to the instability inflicted upon international trade and international investment by the conflicting gold policy of these States, this conflict of policy is not likewise chargeable with the time and labour and capital consumed in effecting exchanges of one kind of money with another, which arose directly from the fluctuations in this rate of equivalence?

17. Has the convenience of mankind been served by making gold lighter and silver heavier; that is to say, by a series of legislative acts which have altered the rate of divergence between them from 14·50 to 15·50, 16 or 18?

18. What portion of the total of monetary law is the efficient cause of the steadiness in the rate of equivalence between gold and silver throughout the period between 1803 and 1873? Was not the free coinage of gold and silver in France the chief cause of the maintenance of a steady rate of equivalence between gold and silver in the period 1803-1873?

19. What would have been the influence upon this rate of equivalence had England and France demonetised gold after the gold discoveries (1849-1851)?

III.—QUESTIONS concerning Monetary Policy since 1873.

(A.)—Stability of Domestic Purchasing Power.

20. Did not important reductions in the domestic averages of prices occur throughout the Western World in the years following 1873?

21. Have not coincident changes in monetary law, reducing the supply of money in the Western World by withdrawal of legal tender power from existing silver coins, by excluding silver from coinage, and by checking the circulation of existing money, been the controlling factor in this reduction?

22. Does not the existing state of business in Europe and America demand, as a condition to the maintenance of the present general average of prices, a considerable annual increase of the material used by them as money?

23. Do not existing probabilities point to a diminished annual production of gold in the future?

24. Does not the present general exclusion of silver from mintage in the Western World, directing monetary demand upon a stock of gold scantily reinforced, promise, if continued, the evils connected with a reduction of general averages of prices, or an excessive extension of the use of paper money and of transfers of title to money?

Appendix.
Section I.

25. What would be the effect if a single nation should, now by changing its present monetary laws, sensibly increase its stock of gold?

(B.)—Maintenance of Steady Par between different Systems of Money.

26. Can there be any other important causes for the abrupt divergence of the rate of equivalence between silver and gold in international trade which has occurred since 1873, than the withdrawal from silver and transfer to gold of an important part of the normal monetary employment of Europe for silver?

27. Had Germany adopted the silver and gold standard at $15\frac{1}{2}$ to 1 in 1871–1873, would not a higher degree of steadiness in the world's markets have been attained?

28. Would not the accession of England to a bimetallic union of continental States with the United States of America put the par of the metals throughout the world in condition to withstand undisturbed any change of mass through discovery of either metal of which history gives precedent?

29. Is it not desirable that there should be uniformity between the States represented in the Conference in the mint charge or in the charge made in commutation of interest for the time consumed at the mint in converting bullion into money?

SECTION II.

PAPERS relating to the MONETARY POSITION, COINAGE, &c., of various Countries.

(A.)

Presented by Baron Von Thielmann (page 7).

STATEMENT of the MONETARY SITUATION in GERMANY.

I.

THE introduction into Germany of the single gold standard in the place and stead of the silver standard which prevailed up to 1871 in most of the German States, was enacted by the laws of 4th December 1871 and 9th July 1873. The mark of the gold is the $\frac{1}{155\frac{1}{2}}$ part of a pound of gold (of 500 grammes) at nine-tenths fine, and is coined in gold pieces of 20, 10, and 5 marks. The right of private coinage exists in so far that every individual is entitled to require the coinage for his own account of gold pieces of 20 marks upon payment of the cost of mintage at the rate of three marks on the pound of fine gold.

The coins of silver, nickel, and copper perform the functions of subsidiary coins.

In the Imperial silver coins (pieces of five and three marks, and of one mark, and of 50 and 20 pfennigs), 100 marks are coined from the pound of fine silver; the proportion of alloy being 900 parts of silver to 100 parts of copper, 90 marks in coined silver weighing a pound. Under the law as it stands the sum total of Imperial silver coin must not exceed 10 marks *per capita* of the population of the Empire.

No one can be compelled to accept payment of a sum exceeding 20 marks in Imperial silver coins. On the other hand these coins are received in payment, without limitation as to amount, by the Treasuries of the Empire and of the German States, and may, at pleasure, be exchanged for gold at certain offices officially designated for that purpose.

As it was not possible at once to withdraw from circulation the former coins of the different States, and to introduce immediately the new Imperial coinage, the laws in question established, as a transitory condition, a system analagous to that of the double standard, and under which the old coins of the States were recognised as legal tender at the rate of one thaler for three marks of gold, a rate based upon the proportion of 1 to $15\frac{1}{2}$ for the relative value of the two metals.

II.

In carrying this monetary reform into effect there were manufactured, up to the end of 1880, Imperial gold coins amounting to 1,747,237,095 marks, of which 1,270,509,920 marks were in pieces of 20 marks, 448,759,250 marks in pieces of 10 marks, and 27,969,925 marks in pieces of five marks.

Of subsidiary coins, there were coined up to the end of 1880: in silver, upon the basis of the population of the Empire as shown, by the census of 1st December 1875, to consist of 42,727,000 souls, a round sum of 427 millions of marks: in coins of nickel, 35 millions of marks in round numbers: and in coins of copper, nine millions and a half of marks, reckoned also in round numbers.

Against

Against this, there was withdrawn from circulation up to the close of 1880, for the account of the Empire, a total sum of 1,080,486,138 marks in old coins of the several States.

Appendix.
Section II.

Of this amount—

1. There have been delivered to the mints for coinage into the new Imperial coins of silver :

	Marks.
a. For account of the Empire	382,501,331
b. Upon payment of value (2,034 pounds of fine silver)	183,510
	382,684,841

2. Melted into silver bars - - - - - 696,797,069
which produced pounds of fine silver - - - - - 7,474,644

Of this quantity, there have been—

Sold for account of the Empire (pounds of fine silver) - 7,102,862
Used in the manufacture of new silver coins - - - 32,429

Leaving, therefore, a balance of 339,353 pounds of fine silver, which still remains in the possession of the Imperial Government, as the sales of silver were suspended in May 1879, and have not been resumed since then.

The sale of these 7,104,896 pounds of fine silver (comprising the 2,034 pounds above-mentioned as delivered to the mints upon payment of the value thereof) was made as shown in the following Table :—

Years.	Pounds of Fine Silver.	Net Product.		
		Total in Marks.	Per Pound of Fine Silver in Marks.	Per English Ounce of Silver, Standard in Pence.
1873 - - - -	105,923,372	9,296,682.77	87.77	59 ⁵ / ₁₆
1874 - - - -	703,085,175	61,135,670.29	86.88	58 ³ / ₄
1875 - - - -	214,898,594	18,208,449.03	84.60	57 ¹ / ₂
1876 - - - -	1,211,759,204	93,936,482.37	77.52	52 ³ / ₈
1877 - - - -	2,868,095,533	230,424,238.51	80.34	54 ⁵ / ₁₆
1878 - - - - (Until the suspension of the sales of silver at the end of May.)	1,622,696,403	126,203,852.08	77.77	52 ⁹ / ₁₆
1879 - - - -	377,744,712	27,934,417.89	73.95	50
TOTALS - - -	7,104,895,993	567,139,992.99	79.82	53 ¹ / ₈

By a comparison of the product of these sales, 567,139,993 marks, with the original cost of these 7,104,896 pounds of fine silver, which had been taken at 663,621,109 marks, it will be seen that these sales of silver were liquidated at a loss to the Empire of 96,481,136 marks.

	Marks.
To the said loss of - - - - -	96,481,136
are to be added the other costs of the carrying out of the monetary reform (expenses of coinage, loss on the sales of copper, interest on the capital employed in running the workshops of the mints, &c.) - - - - -	29,316,438
Total - - -	125,797,574

As against this, the profits resulting from this same carrying out of the monetary reform (gross profit arising from the mintage of the Imperial coins of gold, silver, nickel, and copper, bonuses of various sorts, &c.) have amounted to - - - - - 81,728,134

Leaving a balance to be met by the Imperial Treasury of - - - - - 44,069,440

Appendix.

Section II.

III.

Besides the new Imperial coins, there still remains in actual circulation the residue of the silver one-thaler pieces not yet withdrawn. It is only possible to estimate, as nearly as may be, the sum total of thalers in circulation.

There had been coined, in all, 1,280 millions of marks in pieces of one thaler, including 93 millions of marks in Austrian thalers, called thalers of the Union (*Vereinsthaler*), which stand upon the same footing under the law, in respect to all payments, with the thalers of German coinage, and in regard to the withdrawal of which no legislative determination has yet been arrived at.

Of this amount of 1,280 millions of marks, a certain part has, during the course of time, been melted down by private individuals, or exported, or has disappeared through causes and accidents of all kinds. It is necessary to estimate this decrease in order to determine the sum still remaining in circulation.

If reference is had to the results of the withdrawal of other silver coins of large size, such decrease should be reckoned at 20 per cent.; the amount above mentioned would be reduced to 1,024 millions of marks in thalers, of which 614 millions have been, up to the present time, retired and demonetised; and the circulation of thalers would now be about 410 millions of marks.

According to another estimate, which supposes a decrease of only 17 per cent., the same as was ascertained by the operation of the withdrawal of the former two-thaler pieces, there would still be remaining in circulation about 450 millions of marks in thalers.

The highest estimate among those resting upon plausible data, goes up to 500 millions.

In all these valuations, the stock of thalers, which forms part of the metallic reserve of the Imperial Bank, is included.

IV.

If the provisions of the present monetary statutes should be completely carried out, and if, by reason thereof, the sales of silver should be resumed, the Imperial Government would need to dispose of only so much of the 410 or 500 millions of marks in thalers now in circulation, as well as of the bar silver which it has held since 1879, as might not be required for the augmentation of the circulation of subsidiary silver coins.

As has been stated above (Sect. I.), the total amount of Imperial silver coins must not, under the present law, exceed 10 marks *per capita* of the population of the Empire.

The latter, however, having increased between the census of 1st December 1875, and that of 1st December 1880, from 42,727,372 to 45,194,172 souls, making a gain, therefore, of 2,466,800 souls, it becomes possible at this date, under existing legislation, to augment by about 25 millions of marks the mass of silver coins struck up to the present time, and which amounts to 427 millions of marks. But, besides this, the Imperial Government has recognised, since the year 1880, the propriety of raising the rate of the fractional coinage from 10 marks to 12 marks *per capita* of the population, in case the monetary reform should be allowed to take its course.

If this new rate be based upon the total of the present population of Germany, it would be necessary to coin a further sum of 115 millions of marks in silver money, and this would absorb the 31 millions of marks in bar silver which are now on hand, and 73 millions of marks in thalers now actually in circulation.

There would remain to be sold, including 74 to 81 millions of marks in Austrian thalers, a mass of 337 to 427 millions of marks; that is to say, of 3,740,000 to 4,740,000 pounds of fine silver.

If the Austrian thalers be left out of the calculation, there would only remain to be disposed of 263 to 346 millions of marks, or in other words 2,920,000 to 3,840,000 pounds of fine silver.

(B.)

Appendix.
Section II.

STATEMENT of the SCANDINAVIAN COINAGE SYSTEM, and of the MINTAGE of COINS in the Scandinavian Monetary Union, in pursuance of the Treaties of 18 October 1872, and 27 May 1873.

Presented by Dr. Broch (p. 19).

THE three Scandinavian kingdoms, Norway, Sweden, and Denmark, have concluded between them a monetary treaty, based upon the employment of the single gold standard, and on a common system of money of account, gold moneys, and fractional moneys in token silver and in bronze.

The monetary unit is expressed by the *Krone* (crown), divided into 100 *öre*.

The gold coins are of nine-tenths fine ; that is to say, of nine parts gold with one part copper.

Two kinds of gold money are coined, those of 20 crowns and those of 10 crowns —124 pieces of 20 crowns, or 248 pieces of 10 crowns—are made out of a kilogramme of fine gold.

The weight of these pieces should therefore be, respectively, $\frac{1000}{124} \times 10 = 8.96057$ grammes, and 4.40829 grammes.

Of fractional pieces there may be coined pieces of two crowns, one crown, 50, 40, 25, and 10 *öre*. The following table gives the fineness, the gross weight, the net weight in fine gold or fine silver ; lastly, the diameter of all these coins.

METAL.	Value of the Coins.	Fineness.	Gross Weight in Grammes.	Amount of Pure Gold or Silver, in Grammes.	Diameter in Millimetres.
Gold - - - - -	20 kr.	0.9	8.9606	8.06452	23
	10 kr.		4.4803	4.03226	18
	2 kr.	0.8	15.000	12.000	31
	1 kr.		7.500	6.000	25
Silver - - - - -	50 öre.	0.6	5.000	3.000	22
	40 öre.		4.000	2.400	20
	25 öre.		2.420	1.452	17
	10 öre.	0.4	1.450	0.580	15
Bronze - - - - -	5 öre.	95 copper	8.000	- -	27
	2 öre.	4 tin	4.000	- -	21
	1 öre.	1 zinc	2.000	- -	16

The tolerance of fineness for the coinage of the gold coins is 0.0015 ; of weight, 0.0015 for the piece of 20 crowns, and 0.002 for the piece of 10 crowns. But besides this, no 10 kilogrammes of gold coins (1,116 pieces of 20 crowns or 2,232 pieces of 10 crowns) must differ more than five grammes from the standard weight ; there is thus an average tolerance in addition which does not exceed the limit of 0.0005.

The gold coins cease to be legal tender between private individuals when they shall have lost by wear more than one-half per cent. of their weight, but as long as they shall not have lost more than two per cent. of their legal weight by wear they are not only legal tender in Government offices, but each of the contracting States is bound to exchange the pieces worn more than one-half per cent. for such gold coins as have legal currency between private individuals. In Norway and in Denmark special laws bind the State to receive and exchange for good coins all gold coins of their mintage which shall have lost by wear any proportion of their weight greater than one-half per cent. In Norway the National Bank is charged with the duty of weighing every piece of money which passes through its hands, and sending back to the State every coin which has lost more than one-half per cent. of its legal weight.

The coins which have been fraudulently diminished in weight cease to have legal currency.

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Section II.

The coinage is carried on exclusively at the mints, at Stockholm for Sweden, at Kongsberg for Norway, at Copenhagen for Denmark. It is done by the functionaries of the State, and the treaty forbids its being left to contractors.

Any person who brings to the mint gold whose quantity, fineness, and other qualities answer to certain conditions, has the right of having it coined on paying a quarter per cent. for the pieces of 20 crowns, and one third per cent. for the pieces of 10 crowns. No seigniorage can be demanded beyond this price of coinage.

In Norway, the National Bank is bound by a special law to buy every bar of gold whose fineness is certified in a satisfactory way, paying 2,480 crowns for the kilogramme of fine gold, after deduction of a quarter per cent. for cost of coinage; the kilogramme of fine gold is therefore exchangeable at the bank at any time for 2,473 crowns 80 öre. In Norway, in consequence of this arrangement, the bank alone, in practice, has gold money coined.

The fractional pieces of silver or bronze are considered as legal tender only to the amount of 20 crowns for the two-crown and one-crown pieces; only to the amount of five crowns for the smaller coins of silver, and only to the amount of one crown for bronze money. In each of the three States public treasuries are established, where any amount of fractional money which is a multiple of 10 crowns, can be exchanged for gold money.

The coinage of fractional pieces of silver and bronze can be carried on only on government account. The monetary treaty places no limit on this coinage.

All coins in gold, silver, and bronze, coined by virtue of the monetary treaty, are legal tender in the three kingdoms under the above-stated conditions.

TABLE of the Mintage of COINS in the Scandinavian Monetary Union, up to 31st December 1880.

100 francs in gold = 72 Scandinavian kroner (crowns) = 81 German marks.

Designation of the Coins.	Denmark.	Sweden.	Norway.	Scandinavian Monetary Union.
	<i>Kroner öre.</i>	<i>Kroner öre</i>	<i>Kroner öre.</i>	<i>Kroner öre.</i>
Gold - { 20 kr. - -	30,086,120 00	31,746,100 00	12,686,480 00	74,518,700 00
10 kr. - -	4,668,520 00	7,126,340 00	441,130 00	12,235,990 00
TOTAL - -	34,754,640 00	38,872,440 00	13,127,610 00	86,754,690 00
Silver - { 2 kr. - -	9,753,930 00	1,718,658 00	600,000 00	12,072,608 00
1 kr. - -	5,323,527 00	6,850,297 00	1,800,000 00	13,973,824 00
50 öre - -	- - -	1,281,938 50	800,000 00	2,081,938 50
25 öre - -	2,034,625 00	2,072,255 75	800,000 00	4,906,880 75
10 öre - -	1,036,127 80	704,410 00	740,500 00	2,481,037 80
TOTAL - -	18,148,229 80	12,627,559 25	4,740,500 00	35,516,289 05
Bronze - - TOTAL - -	515,038 48	540,865 97	320,000 00	1,405,904 45
TOTAL Mintage - -	53,447,908 28	52,040,865 22	18,188,110 00	123,676,833 50

The total coinage therefore of token money in silver and in bronze in the Scandinavian Monetary Union, is 36,922,193 kr. 50 öre = 51,280,824 francs, or per head of population : 4 kr. 34 öre = 6 francs 03 centimes.

(C.)

Appendix.
Section II.Presented by Dr. *Broch* (page 103).

STATEMENT of the MONETARY SITUATION of the Kingdom of *Norway* before and after the Transition from the Silver to the Gold Standard, by Dr. *O. J. Broch*.

THE former monetary system of Norway was constituted under the law of 14th June 1816. This system was based upon the single standard of silver. The unit was the speciesdaler, of which 37 were coined at 0.875 fine out of four Cologne marks of pure silver. The weight of the mark of Cologne was fixed in Norway by the law of the 28th July 1824 relating to weights and measures, at the proportion of one pound = two marks of Cologne, which contained 123,144.5 gran in Norwegian commercial weights, which gives for the Cologne mark a weight of 233 grammes, 993.35. In Denmark and in Hamburg the mark of Cologne was worth a little less, viz., 233 grammes, 854.89; in Prussia it was worth 233 grammes, 855.5. The ancient ounce of Charlemagne was equal to 1/400th of the "pile" of Charlemagne, or 30 grammes, 594, and the mark of eight ounces was therefore originally equal to 244 grammes, 752.

The Norwegian speciesdaler was therefore of 28 grammes, 910.4 in weight at 0.875 fine, and contained 25 grammes, 296.6 of pure silver. Compared with the five-franc silver piece the speciesdaler was worth 5 fr. 62 centimes.

Coins were struck of the same fineness in subdivisions of one half, one-fifth, one-tenth, and one-fifteenth of the speciesdaler, and were current as full legal tender; the speciesdaler was divided into 120 skillings.

In Sweden and in Denmark coins were struck resembling the Norwegian speciesdaler, and of the same standard of fineness, but the weight, and consequently the amount of pure silver contained in them, differed a little.

The Swedish speciesdaler contained	-	-	25 grammes 504.5 of pure silver.
The Danish speciesdaler contained	-	-	25 grammes 281.6 " "
The Norwegian speciesdaler contained	-	-	25 grammes 296.6 " "

The Danish speciesdaler coincided with the Hamburg-banco reichsthaler, or three marks Hamburg-banco, an uncoined money of account; thus 59½ marks banco represented 500 grammes of pure silver.

In Sweden the monetary unit was the riksdaler, equal to one-fourth of the Swedish speciesdaler, which was divided into 100 öre. In Denmark the monetary unit was the rigsdaler, equal to one-half of the Danish speciesdaler, which was divided into six marks, and the mark into 16 skillings, thus the rigsdaler into 96 Danish skillings.

Of current coins having full legal tender faculty there had been struck in Norway under the law of 1816, up to the close of the year 1873, a total of 3,934,355 speciesdaler, 16 skillings as follows:—

Of speciesdalers	-	-	-	-	2,518,155 spd.
Of one-half do.	-	-	-	-	436,462 " 60 sk.
Of one-fifth do.	-	-	-	-	462,102 " 96 "
Of one tenth do.	-	-	-	-	462,860 " 60 "
Of one-fifteenth do.	-	-	-	-	54,774 " 40 "
TOTAL	-	-	-	-	3,934,355 spd. 16 sk.

The coinage had almost exclusively been done for account of the Bank of Norway. The seigniorage paid at the mint at Kongsberg for mint charges was 2 per cent. on the 1 sk. and half speciesdaler pieces, and 2½ per cent. on the divisional coins of one-fifth, one-tenth, and one-fifteenth speciesdaler.

A part of the speciesdalers had been, from time to time, exported to Hamburg and turned into silver bars at the bank of that city.

Swedish and Danish current coins circulated side by side and at par with those of Norway.

The actual currency outside of the reserves of the National Bank was almost exclusively paper, with bank notes of 5, 10, 50, and 100 speciesdalers redeemable on demand. The current coins of one-half, one-fifth, one-tenth, and one-fifteenth speciesdaler were the only ones that actually circulated. Pieces of one-half speciesdaler were even rare. In small dealings it was frequent to reckon in one-fifth of the speciesdaler, called "ort," which thus became, so to speak, the people's unit.

Appendix.
Section II.

In Sweden and Denmark the active circulation was likewise principally of paper money. The smallest denomination of bank notes was at that time in Sweden the note of one riksdaler, and in Denmark the note of five rigsdalers.

The metallic reserve of the Bank of Norway was largely composed of Danish speciesdalers and silver in bars. The bank is allowed to place as much as one-third of its specie reserve in the hands of its foreign correspondents. That institution buys bills upon foreign countries, and forwards them immediately to its correspondents to collect and hold the proceeds; the bank then sells bills at short date, drawn upon its correspondents, and thus, by these operations, maintains near par, or within very narrow limits, the rates of exchange on the principal places with which Norway has commercial relations. When the payment of the trade balance of the country necessitated exports of silver, the bank frequently itself shipped the metal to its correspondents upon whom it afterwards drew and sold the bills.

The note circulation of the Bank of Norway, the sole bank of issue, amounted at the close of the year 1873 to 11,794,633 speciesdalers. At the same period the monetary circulation outside the bank in current silver, together with the silver and copper token coins, may be estimated at 1,000,000 of speciesdalers, including the Swedish and Danish coins which circulated in Norway.

The total circulation, therefore, not counting the reserves of the bank, was 12,800,000 speciesdalers. The population of Norway at that date was estimated at 1,780,000 inhabitants, which gives a note and coin circulation of 7.2 speciesdalers or 40 francs and 40 centimes per inhabitant.

The metallic reserve of the Bank of Norway was, at the same period, 8,593,435 speciesdalers, including the portion thereof put out in foreign countries.

The transition from the silver standard to that of gold took place in Norway on the 1st of January 1874, by virtue of a law of the 4th of June 1873.

The Bank of Norway had already been authorised to change a part of its reserve into gold by a law of the 17th of June 1869, passed in consequence of the International Monetary Conference at Paris in 1867. The management of the bank took advantage of this privilege to sell silver from time to time and to buy gold. The transformation was chiefly accomplished by sending silver coin to Hamburg where it was changed into "Hamburger banco-marks" at the rate of 118½ marks for the kilogram of pure silver. By the German monetary reform the Hamburg mark-banco was subsequently changed to gold at the rate of 2 mark-banco = 3 reichsmarks, therefore at the ratio of 15.674. The metal reserve of the bank, including the capital left with correspondents at Copenhagen, Hamburg, and London was, towards the close of the years :

	1871.	1872.	1873.
	<i>Speciesdalers.</i>	<i>Speciesdalers.</i>	<i>Speciesdalers.</i>
Silver - - - - -	6,483,136	6,839,308	1,535,448
Gold - - - - -	105,827	722,002	7,057,987
TOTAL Reserve - - -	6,588,963	7,561,310	8,593,435

The transition to the gold standard took place simultaneously in the three Scandinavian kingdoms. It was admitted without discussion and without being referred to in the Scandinavian Monetary Treaty of 18th December 1872, as resting in right and as being an unquestionable international obligation that each State was responsible for the coins struck at its mints and bearing its arms, and that in case of demonetisation and transition from the silver standard to that of gold, such State should withdraw its current coins as well as its fractional currency of silver, alloy, or copper, and exchange them for gold. Thus, as early as the autumn of 1873 the Government of Denmark received from the Bank of Norway 2,000,000 speciesdalers in Danish silver and paid for them in gold.

Under the law of 4th June 1873 the old silver coins have, from and after the 1st of January 1874, been reduced to the condition of subsidiary currency with legal tender faculty limited to five speciesdalers or 20 crowns. The Government is, however, not only obliged to receive them for all payments without limit as to amount, but also to exchange them for gold coins.

The demonetisation of the old silver and copper money and the manufacture of fractional coinage suitable to the new system of crowns was done under a law of the 17th of April 1875.

The

The speciesdaler was transformed into four kroner or crowns of the new monetary system. Gold pieces of 10 and 20 crowns were struck by virtue of the laws of 4th June 1873 and 17th April 1875, at a standard of 9-10ths fine; 248 pieces of 10 crowns and 124 pieces of 20 crowns are coined from a kilogramme of refined gold. Of these gold pieces, eight are therefore exactly equivalent to nine German gold coins of like denomination in marks.

A Scandinavian crown is therefore worth exactly 1 and 1-8th German marks.
Compared with French gold coins the Scandinavian crown is equal to 72 francs.
Therefore in gold:

$$100 \text{ francs} = 81 \text{ German marks} = 72 \text{ Scandinavian crowns.}$$

The conversion of silver into gold was accomplished at the following ratios:—

In Norway	-	-	-	-	-	25.2966	×	5	×	0.124	=	15.684
In Denmark	-	-	-	-	-	25.2816	×	5	×	0.124	=	15.675
In Sweden	-	-	-	-	-	25.5045	×	5	×	0.124	=	15.813

The difference between the old silver coins of the three Scandinavian kingdoms disappeared by their conversion into gold according to these different ratios.

In the month of December 1872, the date of the simultaneous resolution of the three kingdoms to make the transition from the silver to the gold standard, the ratio in the London market was 15.79.

In Norway there were successively withdrawn from circulation the following amounts in old coins:—

Denominations.	Amounts.	
	<i>Spd. sk.</i>	<i>Crowns öre.</i>
One - speciesdaler - - - -	765,986 00	converted into 3,163,944 00
One-half " - - - -	109,543 00	" " 438,172 00
One-fifth " - - - -	322,422 24	" " 1,289,688 80
One-tenth " - - - -	327,900 60	" " 1,311,602 00
One-fifteenth " - - - -	17,469 00	" " 69,876 01
Total in current full-weight coins -	1,543,320 84	" " 6,173,282 80
Ditto Silver token coins -	148 075 76	" " 592,302 54
Ditto Copper coins -	47,129 44	" " 188,517 47
TOTAL Old Coins - - - -	1,738,525 84	changes into 6,954,102 81

Of silver current coins there were melted into bars and sold at London to the following amounts:—

	<i>Crowns öre.</i>	
In 1874 - -	2,636,000 00	at the rate of 59 d. to 59½ d. per standard ounce.
In 1879 - -	1,000,000 00	" " 52 d. - - - -
In 1880 - -	400,000 00	" " 52½ d. - - - -
Sum Total - -	4,036,000 00	or 1,009,000 silver speciesdalers sold in bars.
		There has further been melted down and sold the sum of—
	65,538 80	in old copper coins
		Lastly, there have been used in the manufacture of the new subsidiary coins of base silver and bronze:—
	2,413,045 34	in old silver coins.
	38,988 67	in old copper coins.
Amount realised	6,553,562 81	
	316,540 00	in old coins of base silver "tokens," still remain to be disposed of; and
	84,000 00	in old copper coins.
TOTAL - -	6,954,102 81	

Appendix.
Section II

The loss in weight of the current coins caused by wear in the circulation was found to be, on an average :—

For the one speciesdaler pieces	-	-	-	-	0.188 per cent.
„ half speciesdaler pieces	-	-	-	-	0.416 „
„ one fifth speciesdaler pieces	-	-	-	-	1.749 „
„ one-tenth speciesdaler pieces	-	-	-	-	2.279 „

On the other hand the standard of fineness was found to be, on an average, a little higher than was requisite under the former legislation.

	Crowns öre.
The sale of the 4,036,000 crowns in old current coins (including commissions, transport charges, &c.), resulted in a loss of	319,179 05
The sale of the copper produced by the 65,533 crowns 80 öre in old copper coins occasioned a loss of	41,677 72
The sum of 2,413,045 crowns 34 öre in old silver coins, and 38,983 crowns 67 öre in old copper coins, paid in to be exchanged at the mint, and to be used in the manufacture of the new subsidiary (fractional) coins, estimated upon the basis of the price of silver in London, and of copper in general trade at the date of such different payments, produced a loss of	322,664 48
The general expenses of collecting the old coins and transporting the same were	3,376 72
Hence the total loss realised in the conversion of the 6,553,562 crowns, 81 öre of old coins has been estimated at	686,897 97
Per contra, the profit on the manufacture during the years 1874-1879 of 5,040,000 crowns in new “ token ” coins of silver and copper under this same monetary reform has been estimated, upon the same bases, at	774,172 84
Hence Balance of Profit	87,274 87

The 400,540 crowns in old silver and copper “ token ” coins which still remain in the Treasury of the State, can be used in the manufacture of the “ token ” coinage under the new monetary system, by reason of which they can only be the cause of a loss or a profit insignificant in either case.

The 1,009,000 speciesdalers, or 4,036,000 crowns melted down into bars, contained 25,000 kilogrammes of refined silver, which the Norwegian monetary reform threw upon the London market during the years 1874-1879.

The old current silver coins contained 25 g. 2966 of pure silver per speciesdaler, or 6 g. 32,415 of pure silver per crown, whereas the new fractional (subsidiary) coins contain only six grammes of pure silver to the crown.

The conversion at the mint of the old silver coins into the new fractional currency therefore produced, by this fact alone, a profit of 5½ per cent.

The retirement of the former coins was effected at the ratio of 15·684 of silver to gold, while the new fractional “ token ” coins of silver are struck at the ratio of 14·880.

The largest amount of bank note circulation was towards the close of the month of June 1874, when it reached the figure of 50,111,925 crowns.

In Norway, up to the end of 1880, there had been coined in gold,

12,686,480 crowns in pieces of 20 crowns.
441,130 crowns in pieces of 10 crowns.

Total - 13,127,610 crowns in gold coins, equal to 18,232,792 francs.

The metal used in the coinage was exclusively gold bullion purchased in London. No gold coin was presented for exchange at the Mint.

The paper circulation of the Bank of Norway was, towards the close of the year 1880, 38,713,675 crowns in notes of 5, 10, 50, 100, 500, and 1,000 crowns. Its metallic reserve in gold coin and bullion was, at the same period, 33,721,357 crowns, of which 10,330,572 crowns were with foreign correspondents of the bank. The general monetary circulation, besides that of the bank, may, at the same date, be estimated at seven millions of crowns, of which the larger part in fractional coins. The total outside of the bank was, therefore, 45,700,000 crowns. The population of the kingdom of Norway at this time was estimated at 1,890,000 inhabitants. The note and coin circulation was therefore 24 crowns 18 öre, or 33 francs 58 centimes per inhabitant.

(D.)

NOTE on the Monetary System and Coinage of *Portugal*, and the Portuguese Colonies.

Presented by Count *de San Miguel* (page 20).

THE monetary system actually in force in Portugal was established by the law of the 29th July 1854.

Gold is the single metallic standard.

The metal coined is of a fineness of $\frac{916\frac{2}{3}}{1000}$; that is to say, $\frac{11}{12}$ of pure gold, and $\frac{1}{12}$ of alloy.

The gold coins are :—

	Value.	Weight in Grammes.
Crown - - - - -	10,000 reis.	17·735
Half-crown - - - - -	5,000 „	8·868
Fifth of a crown - - - - -	2,000 „	3·547
Tenth of a crown - - - - -	1,000 „	1·774

The ancient Portuguese gold coins, called *peças* and half *peças*, of the fineness of $\frac{916\frac{2}{3}}{1000}$, and the English coins of the same metal and of the same fineness, called *sovereigns* and half *sovereigns*, are considered legal tender under the following conditions :—

The *peça* should be of the weight of 14·188 grammes.

The half *peça* „ „ 7·094 „

The *sovereigns* „ „ 7·981 „

The half *sovereigns* „ „ 3·990 „

And they are received—

The *peça* at the value of 8,000 reis.

The half *peça* „ 4,000 „

The *sovereign* „ 4,500 „

The half *sovereign* „ 2,250 „

The State recognises as legal in all money an allowance of 2 per 1,000 in the weight, and 2 per 1,000 in the fineness.

Individuals, banks, and all other associations can have coined at the mint any quantity of gold of the standard of $\frac{916\frac{2}{3}}{1000}$ fine, in crowns, half-crowns, fifths, and tenths of crowns, by paying 1,000 reis per kilogram, but it has often occurred that money has been coined gratuitously through the order of the Cortes.

Table No. 1 shows the amount of gold money struck at the Lisbon Mint (the only one in the country) in the period between 1854 and 1880.

Silver and copper are used as subsidiary money.

One hundred and twenty-five grammes of silver alloy of the standard of $\frac{916\frac{2}{3}}{1000}$ fine are divided into coins in the following manner :—

	Value.	Weight in Grammes.
In 10 pieces called five <i>tostoes</i> - -	500 reis	12·5
In 20 pieces called two <i>tostoes</i> - -	200 „	5·
In 50 pieces called <i>tostoes</i> - -	100 „	2·5
In 100 pieces called half <i>tostoes</i> - -	50 „	1·25

The allowance is 3 per 1,000 in weight and 2 per 1,000 in fineness.

In any payment, whatever may be its importance and the origin of the obligation from which it springs, the creditor is not obliged to receive more than 5,000 reis in silver money. There has however long existed in the commerce of Lisbon a custom, sanctioned by no law but generally recognised, to accept a third of the payment in silver coin.

Appendix.
Section II.

The State reserves to itself the privilege of making and issuing subsidiary money of silver and copper. No issue of this money can however be made without its amount being fixed by the Cortes.

Table No. 2 shows the amount of silver money struck from 1854 to 1880.

The law of 1854 declared that the old gold crowns struck by virtue of the law of 15th February 1851, the silver coins called crowns and their divisions, created by the law of the 24th April 1835, the coins called "crusados novos" and their divisions, the old coins of 100 reis, and all foreign coins of authorised circulation, should lose their legal currency and should be exchanged for legal money at their nominal value and within a time fixed by the same law if they were not clipped. The time was increased by later laws on account of the impossibility of effecting the exchange in the time first fixed.

Foreign coins have entirely disappeared from the circulation, old silver coins are very rare, and in the period between the 30th September 1879 and the 30th September 1880, none of these old silver coins were presented at the Mint for exchange.

Table No. 3 shows the silver coins withdrawn from circulation up to 1854.

Table No. 4 shows the importation and exportation of gold and silver coins during the years 1854 to 1856, in 1861, and from 1865 to 1880. Before 1865 official publications relating to international commerce were made irregularly, and statistics are missing for the years between 1857 and 1860, and from 1862 to 1864.

Various circumstances, both political and financial, caused the striking in Portugal, during the first quarter of the century, and also during a part of the second, of a considerable quantity of bronze and of copper money; the first with an intrinsic value of about 50 per cent., and in the second in a proportion which scarcely reached 30 per cent.

The manufacture of bronze money, which began in 1811, ceased in 1835, in accordance with the terms of the law of the 24th April of the same year on monetary reform.

The legislation of 1854 only concerned itself with the question of copper, so far as to authorise the continued issue of notes representing that money.

Different laws since 1854 have authorised the issue of copper money.

Table No. 5 shows the kinds and the quantity of copper coined from 1865 to 1880.

The only decree which relates to payment in copper money was dated the 17th February 1779, and fixed the sum of 100 reis as the maximum of the amount payable in this coin; however, there has always existed in the commerce of Lisbon, as with silver, a custom, sanctioned by no law, of receiving a third of the total amount in copper money.

PAPER MONEY.

The only paper representative of coin is the bank note. There are two classes of bank notes, one which is only current in the administrative district of Lisbon, and the other beyond that circle.

The Bank of Portugal has the monopoly of the issue of notes of the first class.

This establishment has a capital of eight milliards of reis, and the right belongs to it of issuing its notes through the whole country, with this advantage, that they are received by the Treasury as metallic money. Notwithstanding, the creditors of the State are not compelled to receive these notes in payment of their debt. Beyond the district of Lisbon there exist certain licences for the issue of notes, which are regulated by special legislation. Each bank, either at Oporto or in the provinces, organised in conformity with the general principles of the law of the 22nd June 1867, concerning the formation and existence of joint stock companies, is authorised to include among its operations the issue of bank notes. The notes issued by these bodies do not, however, enjoy the privilege of being received as the equivalent of metallic money by the public receivers.

The establishments which issue bank notes in the kingdom are nine in number, one at Lisbon, five at Oporto, and three in the provinces. Different causes up to the present time have hindered the paper currency from being of an equal importance to that of other countries.

In accordance with the law of 1854, bank notes can only represent gold coin, and must be paid in that metal.

The Island of Madeira.—Funchal.

The monetary system of Portugal, in accordance with the law of the 29th July 1854, and other regulations in force, was established in Madeira by the law of the 2nd May 1879.

Before the enactment of this law, there were in circulation in Madeira all the gold and silver Spanish coins; the gold and silver money of Great Britain; the eagles, piastres, and their fractions of the United States of America; Mexican, Bolivian, Chilian, and Buenos Ayres piastres. The gold double dollars of the United States, and the fractions of piastres of the Republics of South America, circulated there without legal currency.

The law of the 2nd May 1879, giving to the foreign money which had legal force in Madeira a fixed value, in comparison with the money of Portugal, ordered, That the coins should be exchanged within two months of the promulgation of the law in Madeira for the coins of Portugal, and forbade, after the expiration of two months from the publication of the law in the Official Journal, the importation of foreign money into the island.

With

With the aim of insuring this exchange, the same law authorised the Government to strike silver coins of 500, 200, 100, and 50 reis, until the amount of 500 millions of reis had been reached.

Appendix.
Section II.

Table No. 6, shows the working of the exchange of gold and silver money withdrawn from circulation in the district of Funchal, by virtue of the law of the 2nd May 1879. It must be remarked that the result of the exchange of money in Funchal cannot be considered definite, the sale of the remainder of the piastres employed in the coinage of the 500 millions of reis not having yet been effected.

The Archipelago of the Azores.

A great number of special circumstances prevented the Government from applying the law of 1854 to the Azores Archipelago, and to the colonies where foreign money was still in circulation. As can be seen from the table, showing the coinage of copper, various laws authorised the manufacture of a certain amount of copper money, especially destined for the Azores and Portuguese colonies.

Eastern Azores (Ponta Delgada).—The kinds of coins in circulation are :—

Gold coins:							
Portuguese pieces of the value of	-	-	-	-	-	-	10,000 reis.
English guineas	„	-	-	-	-	-	5,600 „
Silver coins:							
Spanish and Brazilian piastres of the old type, of the value of	-						1,200 „
Half piastres of the old type	-	-	-	-	-	-	600 „
Serrilhas (a division of the piastre)	-	-	-	-	-	-	240 „
Tostoes	-	-	-	-	-	-	120 „

The Portuguese coin “novos cruzados” circulate there also, but are rather rare, and have a conventional currency, of the value of 600 reis.

Western Azores (Horta).—There are there in circulation English guineas, Spanish and Brazilian pesos of the old type, and their divisions. Besides these coins, which have a legal value by law, some others are found there, such as American eagles, Spanish onces, &c., which are received in commerce at a fixed exchange, but which cannot be received into the public treasuries. According to a Memorandum sent to the Financial Minister by the Master of the Lisbon Mint in 1871 (from which these figures are copied), it is difficult to decide, even approximately, the total value of each kind of coin in circulation.

Central Azores (Angra).—The kinds of coin in circulation are :—

Gold coins :							
American eagles, of the value of	-	-	-	-	-	-	24,000 reis.
English guineas	„	-	-	-	-	-	5,800 „
Silver coins:							
Brazilian piastres, of the value of	-	-	-	-	-	-	1,200 „
Half piastres	„	-	-	-	-	-	600 „
Quarter piastres	„	-	-	-	-	-	300 „
Tenths of a piastre	„	-	-	-	-	-	120 „
Copper:							
Portuguese coins of	-	-	-	-	-	-	20, 10, and 5 reis.

All these values are in reis of the islands, depreciated money, which differs from that of Portugal in the proportion of 25 to 30 per cent; that is to say, 100 reis of Portugal are worth 125 of the reis of the islands.

Portuguese Colonies.—Asia.

Portuguese India.—To understand thoroughly the value of the actual coins of India, one must first understand the money of account. In India accounts are kept in a complex form, in xérafins, tangas, and reis. The division of the money of account is as follows :—

Xérafin = 5 tangas ;—tanga = 60 reis (depreciated).

Appendix.
Section II.

The value of the actual coins about to be described is given in money of account:—

Gold:	
Saint Thomas, old, 7 xérafins, 1 tanga, and 15 reis, 2,175 reis, depreciated; or not depreciated	1,150 reis.
Saint Thomas, new, 14 xérafins, and 2 tangas, 4,320 reis, depreciated: or not depreciated	2,280 „
Silver:	
Rupee, 2 xérafins, and 2 tangas, 720 reis, depreciated; or not depreciated	380 „
Half rupee, or xérafin, or pardau, 1 xérafin and 1 tanga, 360 reis, depreciated; or not depreciated	190 „
Quarter rupee, or half xérafin, or half pardau, 3 tangas, 180 reis, depreciated; or not depreciated	95 „
Copper:	
Tanga, 60 reis, depreciated; or not depreciated	30 „
Half tanga, 30 reis „ „	15 „

It is also necessary to fix the difference which exists between the xérafin in actual money, and the xérafin in money of account. In India it is distinguished in two ways; either by calling the first, silver xérafin, and the latter, copper xérafin (nominal money, or money of account); or by calling the former, half rupee, and the latter, xérafin. The xérafin, actual money, or silver xérafin, had until the 30th June 1875 an official value of 160 reis, not depreciated, for transactions with the State. The law of the 30th April 1874 ordered, That from the 1st July 1875, this money should have an official value of 200 reis.

Africa.—Western Coast.—Angola.

Silver.—Piece of	12 macutas.
„	10 „
„	8 „
„	6 „
„	4 „
„	2 „

These coins are not now found in circulation because their intrinsic value being greater than their nominal value they have been all exported.

Copper.—Macuta, 50 reis, depreciated	30 reis.
„ Half macuta, 25 reis, depreciated	15 „

The gold coin of 8,000 reis circulates there also with the value of 13,000 depreciated reis. All reductions are made on these numbers, which give the following equivalent:— 100 reis, not depreciated = 162·5 reis, depreciated. The money which circulates most is paper money. Such are the notes of the National Bank (*Banco Nacional Ultramarino*) of the value of 1,000, 2,000, 5,000, 10,000, and 20,000 reis, not depreciated, and the promissory notes of the Council of Finance, of the value of 1,000, 2,500, 5,000, and 20,000 reis, not depreciated.

By the resolution of the Governor of this province, dated 19th June 1861, it was settled that transactions with the administration should be liquidated in undepreciated reis, and 30 undepreciated reis were fixed as the value of the macuta of copper. Transactions among individuals continued to be, and are still, made in depreciated money.

The same resolution fixed the following values, in undepreciated reis, for the foreign coins in circulation:—

Gold:	
United States eagle of 20 dollars	18,400 reis.
Eagle of 10 piastres	9,200 „
Half eagle of 5 piastres	4,600 „
The once of Spain, Peru, Chili, Bolivia, Mexico, Columbia, Buenos Ayres, Equador, Central America, and New Granada	14,600 „
Half once of the same countries	7,300 „
Quarter once of the same countries	3,650 „
Brazilian piece	8,000 „
Brazilian half-piece	4,000 „
Brazilian coin of 4,000	4,500 „
English guinea	4,500 „
English half guinea	2,250 „
French piece of 20 francs	3,440 „
French piece of 10 francs	1,720 „

Silver

Silver :

The piastre of Spain, Peru, Chili, Bolivia, Mexico, Columbia, Brazil, Buenos Ayres, and the United States	-	-	-	-	-	920	reis.
Half piastre of the same countries	-	-	-	-	-	460	"
Quarter piastre of the same countries	-	-	-	-	-	230	"
Fifth of the piastre, or the Spanish peseta	-	-	-	-	-	184	"
Tenth of the piastre (United States)	-	-	-	-	-	92	"
English crown (5 shillings)	-	-	-	-	-	1,125	"
English half-crown (2½ shillings)	-	-	-	-	-	562.5	"
Piece of 2 shillings	-	-	-	-	-	450	"
Piece of 1 shilling	-	-	-	-	-	225	"
Piece of ½ shilling	-	-	-	-	-	112.5	"
Piece of ¼ shilling	-	-	-	-	-	56.25	"
French piece of 5 francs	-	-	-	-	-	860	"
French piece of 2 francs	-	-	-	-	-	344	"
French piece of 1 franc	-	-	-	-	-	172	"
French piece of ½ franc	-	-	-	-	-	86	"
French piece of ¼ franc	-	-	-	-	-	43	"

Cape de Verde.

The law of the 19th October 1853, fixed the following values, in undepreciated reis for the foreign coins in circulation in this province :—

Gold :

The once of Spain, Peru, Chilli, Bolivia, Columbia, Buenos Ayres, Equador, Central America, and New Granada	-	-	-	-	-	14,600	reis:
Half once of the same countries	-	-	-	-	-	7,300	"
Quarter once of the same countries	-	-	-	-	-	3,650	"
Eagle of 10 piastres of the United States	-	-	-	-	-	9,200	"
Half eagle of 5 piastres of the United States	-	-	-	-	-	4,600	"
Brazilian piece	-	-	-	-	-	4,000	"
Coin of 4,000 Brazilian	-	-	-	-	-	4,500	"
English guinea	-	-	-	-	-	4,500	"
English half-guinea	-	-	-	-	-	2,250	"

Silver:

The piastre of Spain, Peru, Chili, Bolivia, Columbia, Buenos Ayres, Equador, Central America, and New Granada	-	-	-	-	-	920	"
French piece of five francs	-	-	-	-	-	860	"

Eastern Coast.—Mozambique.

Gold :

The gold barrinha, 26,500 reis depreciated ; or not depreciated	-	-	-	-	-	6,460	reis.
The gold half barrinha, 13,250 reis depreciated ; or not depreciated	-	-	-	-	-	3,230	"

Silver :

Piastre, 2,400 reis, depreciated ; or not depreciated	-	-	-	-	-	585.5	"
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Copper :

Piece of 160 reis, depreciated	-	"	"	-	-	40	"
Piece of 80 reis, depreciated	-	"	"	-	-	20	"
Piece of 40 reis, depreciated	-	"	"	-	-	10	"

These values were fixed by the resolution of the Governor of the province, datée the 20th May 1854, which established the following relation :—

100 reis, undepreciated = 410 reis, provincial or depreciated.

The first coins used in Eastern Portuguese Africa were called " Bajarucos," and were worth 10 and 15 reis.

Appendix.
Section II.

No. 1.

GENERAL TABLE of GOLD COINED up to 30th September 1880, in virtue of the Law of the 29th July 1854.

PERIODS.	In Pieces of				TOTAL AMOUNT. (Value in Reis.)
	10,000 Reis.	5,000 Reis.	2,000 Reis.	1,000 Reis.	
12 Dec. 1855 to 30 Sept. 1856	-	-	75,350,000	68,057,000	143,407,000
1 Oct. 1856 to 31 Mar. 1857	-	-	88,698,000	-	88,698,000
1 Apr. 1857 to 30 Sept. 1858	-	-	25,254,000	-	25,254,000
1 Oct. 1858 to 30 Nov. 1859	-	-	1,600,000	-	1,600,000
1 Dec. 1859 to 30 Sept. 1860	-	140,300,000	136,198,000	-	276,498,000
1 Oct. 1860 to 30 " 1861	-	303,895,000	-	-	303,895,000
1 " 1861 to 30 " 1862	-	934,545,000	-	-	934,545,000
1 " 1862 to 30 " 1863	-	275,675,000	-	-	275,675,000
1 " 1863 to 30 " 1864	-	106,600,000	151,800,000	-	258,400,000
1 " 1864 to 30 " 1865	-	-	214,500,000	-	214,500,000
1 " 1865 to 30 " 1866	-	-	126,000,000	-	126,000,000
1 " 1866 to 30 " 1867	-	119,000,000	188,500,000	-	307,500,000
1 " 1867 to 30 " 1868	-	329,000,000	48,000,000	-	377,000,000
1 " 1868 to 30 " 1869	-	406,000,000	10,000,000	-	416,000,000
1 " 1869 to 30 " 1870	-	312,000,000	11,000,000	-	323,000,000
1 " 1870 to 30 " 1871	-	268,500,000	4,000,000	-	272,500,000
1 " 1871 to 30 " 1872	-	146,000,000	1,000,000	-	147,000,000
1 " 1872 to 30 " 1873	-	133,000,000	1,000,000	-	134,000,000
1 " 1873 to 30 " 1874	-	50,000,000	10,000,000	-	60,000,000
1 " 1874 to 30 " 1875	-	45,000,000	7,000,000	-	52,000,000
1 " 1875 to 30 " 1876	-	61,000,000	4,000,000	-	65,000,000
1 " 1876 to 30 " 1877	-	76,000,000	6,500,000	-	82,500,000
1 " 1877 to 30 " 1878	187,020,000	42,900,000	43,000,000	-	272,920,000
1 " 1878 to 30 " 1879	243,010,000	-	-	-	243,010,000
1 " 1879 to 30 " 1880	409,000,000	-	-	-	409,000,000
TOTALS - - -	839,030,000	3,748,515,000	1,153,400,000	68,057,000	5,809,002,000

No. 2.

GENERAL TABLE of SILVER Coined from 1st August 1854 to 30th September 1880, in virtue of Different Laws.

PERIODS AND LAWS.	In Pieces of				TOTAL AMOUNT. (Value in Reis.)
	500 Reis.	200 Reis.	100 Reis.	50 Reis.	
Law of 29 July 1854: From 1 Aug. to 1 Dec. 1854 -	295,872,000	58,370,800	42,201,600	-	396,444,400
Law of 8 May 1855: During the whole year 1855 -	575,442,000	11,170,600	11,314,700	2,072,700	600,000,000
Law of 24 April 1856: During the year 1856, and in January 1857 - -	845,064,500	154,596,000	-	339,500	1,000,000,000
Law of 27 March 1857: From 1 February 1857 to 14 November of the same year -	897,511,500	97,230,600	4,250,900	-	998,993,000
Laws of 5 March and of 23 July 1858: From 15 November 1857 to 30 November 1859 - - -	2,875,065,000	79,431,000	45,503,000	-	2,999,999,000
Law of 4 February 1861: From 1 December 1859 to 30 September 1862 - - -	-	134,318,000	80,000,000	40,860,000	255,178,000

No. 2.—General Table of Silver Coined from 1st August 1854 to 30th September 1880, &c.—*continued*.

Appendix.

Section II.

PERIODS AND LAWS.	In Pieces of				TOTAL AMOUNT. (Value in Reis.)
	500 Reis.	200 Reis.	100 Reis.	50 Reis.	
Laws of 4 February 1861 and of 8 July 1862:					
From 1 October 1862 to 30 September 1863 - - -	22,000,000	111,822,000	- -	10,750,000	144,572,000
Law of 8 July 1862:					
From 1 October 1863 to 31 May 1864 - - - -	82,650,000	17,100,000	- -	500,000	100,250,000
Law of 21 May 1864:					
From 1 June 1864 to 30 Sep- tember 1865 - - -	176,000,000	15,000,000	8,000,000	1,000,000	200,000,000
Law of 26 December 1865:					
From 1 October 1865 to 30 September 1866 - - -	283,000,000	10,000,000	6,000,000	1,000,000	300,000,000
Law of 26 June 1867:					
From 1 October 1866 to 30 September 1867 - - -	240,000,000	1,000,000	- -	-	241,000,000
From 1 October 1867 to 30 September 1868 - - -	186,000,000	1,000,000	- -	-	187,000,000
From 1 October 1868 to 30 September 1869 - - -	70,000,000	1,000,000	1,000,000	-	72,000,000
Decree of 21 July 1870:					
From 1 October 1869 to 30 September 1870 - - -	80,000,000	- -	- -	-	80,000,000
From 1 October 1870 to 30 September 1871 - - -	100,000,000	17,000,000	- -	-	117,000,000
From 1 October 1871 to 20 October 1871 - - -	- - -	- -	3,000,000	-	3,000,000
Law of 27 September 1871:					
From 3 October 1871 to 30 September 1872 - - -	377,000,000	12,000,000	3,000,000	-	392,000,000
From 1 October 1872 to 30 September 1873 - - -	2,000,000	2,000,000	4,000,000	-	8,000,000
Ministerial Resolution of 18 August 1874:					
From 1 October 1873 to 30 September 1874 - - -	- - -	- -	5,000,000	-	5,000,000
Ministerial Resolution of 18 August 1874, and Law of 23 February 1875:					
From 1 October 1874 to 30 September 1875 - - -	- - -	14,000,000	25,000,000	3,000,000	42,000,000
From 1 October 1875 to 30 September 1876 - - -	210,000,000	16,000,000	22,000,000	-	248,000,000
From 1 October 1876 to 30 September 1877 - - -	25,000,000	6,000,000	10,000,000	8,500,000	49,500,000
From 1 October 1877 to 30 September 1878 - - -	- - -	3,450,000	5,000,000	1,500,000	9,950,000
Laws of 23 February 1875, and of 2 May 1879:					
From 1 October 1878 to 30 September 1879 - - -	343,990,000	1,560,000	18,000,000	4,000,000	367,550,000
Law of 2 May 1879:					
From 1 October 1879 to 30 September 1880 - - -	50,000,000	30,000,000	82,000,000	16,000,000	178,000,000
TOTALS - - -	7,736,595,000	794,049,000	375,270,000	89,522,200	8,995,436,400

Appendix.
Section II.

No. 3.

GENERAL TABLE of the Representative Value of the Old SILVER COINS withdrawn from Circulation up to 30th September 1880, in accordance with the Law of the 29th July 1854.

P E R I O D S.	By Exchange or Transfer.	By Purchase.	By Transactions with the Bank of Portugal.	In Small Money.	In Large Money.	GENERAL TOTAL.
29 July 1854 to 30 Sept. 1856	243,245,270	847,427,140	28,872,000	158,562,090	960,982,320	1,118,544,410
1 Oct. 1856 to 31 Dec. 1856	500,950	288,293,200	18,995,000	18,609,550	289,179,600	307,789,150
1 Jan. 1857 to 30 June 1857	580,770	442,116,000	38,572,500	39,153,270	442,116,000	481,269,270
1 July 1857 to 25 Nov. 1857	455,050.	388,850,000	12,000,000	12,455,130	388,849,920	401,305,050
26 Nov. 1857 to 30 Sept. 1858	3,029,030	1,114,800,000	37,569,670	10,889,100	1,144,509,600	1,155,398,700
1 Oct. 1858 to 30 Nov. 1859	88,149,840	1,599,000,000	-	73,321,440	1,613,828,400	1,687,149,840
1 Dec. 1859 to 30 Sept. 1860	204,160,800	-	-	71,990,160	132,170,640	204,160,800
1 Oct. 1860 to 30 Sept. 1861	192,378,770	-	-	46,958,690	145,420,080	192,378,770
1 " 1861 to 30 " 1862	168,166,420	-	-	14,215,300	153,951,120	168,166,420
1 " 1862 to 30 " 1863	128,007,910	-	-	24,514,630	103,493,280	128,007,910
1 " 1863 to 30 " 1864	170,379,080	-	-	51,134,360	119,244,720	170,379,080
1 " 1864 to 30 " 1865	286,456,380	-	-	99,011,580	187,444,800	286,456,380
1 " 1865 to 30 " 1866	226,855,540	-	-	80,749,940	146,109,600	226,855,540
1 " 1866 to 30 " 1867	181,670,420	-	-	72,638,160	109,032,240	181,670,420
1 " 1867 to 30 " 1868	152,258,050	-	-	56,497,570	95,760,480	152,258,050
1 " 1868 to 30 " 1869	114,071,500	-	-	41,351,260	72,720,240	114,071,500
1 " 1869 to 30 " 1870	124,562,380	-	-	42,274,860	82,187,520	124,562,380
1 " 1870 to 30 " 1871	55,120,490	-	-	33,622,250	21,498,240	55,120,490
1 " 1871 to 30 " 1872	56,953,270	-	-	9,372,310	47,380,960	56,953,270
1 " 1872 to 30 " 1873	44,055,120	-	-	6,887,760	37,167,360	44,055,120
1 " 1873 to 30 " 1874	22,296,760	-	-	3,389,560	18,907,200	22,296,760
1 " 1874 to 30 " 1875	29,759,930	-	-	4,586,810	25,173,120	29,759,930
1 " 1875 to 30 " 1876	20,604,630	-	-	2,017,350	18,587,280	20,604,630
1 " 1876 to 30 " 1877	21,907,940	-	-	2,969,950	18,937,990	21,907,940
1 " 1877 to 30 " 1878	29,000	-	-	-	29,000	29,000
1 " 1878 to 30 " 1879	1,033,780	-	-	132,980	900,800	1,033,780
1 " 1879 to 30 " 1880	-	-	-	-	-	-
TOTALS - - -	4,680,486,840	4,680,486,340	136,009,170	977,406,080	6,375,782,510	7,353,188,590

No. 4.

IMPORTATION and EXPORTATION of GOLD and SILVER.

VALUE IN REIS.

Y E A R.	I M P O R T A T I O N.		E X P O R T A T I O N.	
	Gold.	Silver.	Gold.	Silver.
	Reis.	Reis.	Reis.	Reis.
1854 - - - - -	3,294,700,000	29,100,000	46,300,000	1,153,800,000
1855 - - - - -	2,648,600,000	72,900,000	58,700,000	2,181,700,000
1856 - - - - -	1,140,800,000	24,100,000	112,800,000	905,300,000
1861 - - - - -	1,931,700,000	2,000,000	165,200,000	502,000,000
1865 - - - - -	390,600,000	12,400,000	3,585,200,000	189,100,000
1866 - - - - -	1,959,200,000	8,300,000	1,815,500,000	252,400,000
1867 - - - - -	330,500,000	31,500,000	1,360,000,000	210,700,000
1868 - - - - -	630,900,000	89,900,000	1,779,300,000	214,500,000
1869 - - - - -	298,500,000	6,200,000	126,200,000	226,500,000
1870 - - - - -	1,140,900,000	1,100,000	10,100,000	198,800,000
1871 - - - - -	3,591,400,000	24,900,000	14,900,000	86,600,000
1872 - - - - -	1,795,200,000	200,000	2,600,000	14,100,000
1873 - - - - -	3,907,200,000	21,100,000	2,500,000	25,300,000
1874 - - - - -	1,439,200,000	57,600,000	-	3,000,000
1875 - - - - -	2,553,700,000	39,300,000	-	17,700,000
1876 - - - - -	4,325,100,000	169,900,000	-	20,800,000
1877 - - - - -	718,800,000	42,300,000	-	-
1878 - - - - -	3,237,700,000	344,100,000	-	7,500,000
1879 - - - - -	747,100,000	497,400,000	1,477,400,000	1,146,400,000
1880 - - - - -	2,479,200,000	11,400,000	26,800,060	7,100,000

Full information for the year 1880, relating to the district of Funchal, has not yet been received in the Statistical Department.

No. 5.

GENERAL TABLE of the COPPER Coined from the 1st July 1865 to the 30th September 1880,
in accordance with different Orders.

DESTINATION, PERIOD, AND ORDER.	In Pieces of				TOTAL. (Value in Reis.)
	20 Reis.	10 Reis.	5 Reis.	3 Reis.	
Law of 26 June 1867:					
1 July 1867 to 30 September of the the same year - - - -	-	-	2,485,000	-	2,485,000
1 October 1867 to 30 September 1868 - - - -	-	-	3,800,000	300,000	4,100,000
1 October 1868 to 30 September 1869 - - - -	-	-	2,400,000	-	2,400,000
1 October 1869 to 30 September 1873 - - - -	-	-	1,015,000	-	1,015,000
Law of 1 April 1874:					
1 October 1873 to 30 September 1874 - - - -	-	-	2,900,000	-	2,900,000
Laws of 1 April 1874 and of 10 April 1875:					
In September of 1874 - - -	-	-	700,000	-	700,000
1 October 1874 to 30 September 1875 - - - -	-	-	10,700,000	4,440,000	15,140,000
Law of 10 April 1875:					
1 October 1875 to 30 September 1876 - - - -	-	-	4,400,000	206	4,400,206
1 October 1876 to 30 September 1877 - - - -	-	-	-	-	-
Law of 10 April 1875, and Ministerial Resolution of 23 September 1878:					
1 October 1877 to 30 September 1878 - - - -	-	-	500,000	-	500,000
1 October 1878 to 30 September 1879 - - - -	-	-	4,060,000	-	4,060,000
1 October 1879 to 30 September 1880 - - - -	-	-	-	-	-
TOTALS - - -	-	-	32,260,000	4,740,006	37,700,006

Appendix.
Section II.No. 5.—General Table of the Copper Coined from 1 July 1865 to 30 September 1880, &c.—*continued.*

DESTINATION, PERIOD, AND ORDER.	In Pieces of				TOTAL. (Value in Reis.)
	20 Reis.	10 Reis.	5 Reis.	3 Reis.	
FOR THE AZORES :					
Law of 21 May 1864 :					
1 July 1865 to 30 September of the same year - - - - -	3,000,000	1,000,000	-	-	4,000,000
1 October 1865 to 30 September 1866 - - - - -	3,000,000	2,500,000	500,000	-	6,000,000
1 October 1866 to 30 September 1867 - - - - -	2,450,000	-	50,000	-	2,500,000
1 October 1867 to 30 September 1868 - - - - -	550,000	1,750,000	200,000	-	2,500,000
1 October 1868 to 30 September 1879 - - - - -	-	-	-	-	-
Law of 14 May 1880 :					
1 October 1879 to 30 September 1880 - - - - -	-	-	2,000,000	-	2,000,000
TOTALS - - -	9,000,000	5,250,000	2,750,000	-	17,000,000
FOR THE COLONIES :					
Resolution of the Treasury ; ge- neral Direction of the Public Treasurer, 9 April 1867 :					
4 November 1867 to 30 September 1868 - - - - -	12,000,000	6,000,000	2,000,000	-	20,000,000
1 October 1868 to 30 September 1869 - - - - -	2,900,000	1,500,000	600,000	-	5,000,000
Resolution of the Minister of Finance, 11 October 1870, and Resolution of the same Minis- ter, 24 January 1871 :					
1 October 1869 to 30 September 1871 - - - - -	6,200,000	600,000	1,200,000	-	8,000,000
1 October 1871 to 30 September 1872 - - - - -	1,000,000	3,000,000	-	-	4,000,000
Resolution of the Cabinet of Ministers, 30 June 1872, and Resolution of the Minister of Finance, 2 July 1873 :					
1 October 1872 to 30 September 1873 - - - - -	26,500,000	18,800,000	6,200,000	-	51,500,000
1 October 1873 to 30 September 1874 - - - - -	45,500,000	2,400,000	600,000	-	48,500,000
1 October 1874 to 30 September 1875 - - - - -	4,500,000	400,000	100,000	-	5,000,000
1 October 1875 to 30 September 1876 - - - - -	-	-	-	-	-
1 October 1876 to 30 September 1877 - - - - -	4,500,000	400,000	300,000	-	5,200,000
1 October 1877 to 30 September 1878 - - - - -	-	200,000	-	-	200,000
TOTALS - - -	103,100,000	33,300,000	11,000,000	-	147,400,000

— No. 6. —

ACCOUNT of the Details of the Exchange of GOLD and of SILVER COINS withdrawn from Circulation in the District of *Funchal*, by virtue of the Law of the 2nd of May 1879.

	Value in Reis.
Amount of 144,000 piastres withdrawn from Funchal for their former value in actual money, and applied to the payment of the coinage authorised by the law of 23rd February 1876, and to part of that authorised by the law of the 23rd February 1876 - - -	130,909,089
Amount of 314,000 piastres withdrawn at the value of 937 reis, which was given to them by the above-mentioned law of 2nd May 1876, to be applied to the coinage authorised by the same law - - -	294,218,000
Amount in piastres and other coins transferred to the vaults of the financial agent in London to be sold - - -	792,596,292
Amount of gold coin withdrawn from the circulation to be changed into Portuguese money - - -	117,575,719
Application: Reis.	1,335,299,100
Coinage of silver - - - - -	543,990,600
Coinage of gold - - - - -	143,614,018
Produced by the sale of silver in London - - - - -	727,217,999
	1,414,822,617
Payment in silver bars to the Mint for the value of entry into the same establishment - - - - -	15,125,267
Deduct: Reis.	1,429,947,884
Purchase of fine silver for coinage - - - - -	62,174,380
Purchase of fine gold for coinage - - - - -	28,833,625
Transport, assurances, and different expenses - - - - -	18,383,672
	109,396,677
	1,320,551,207
Cost of Operation - - - - -	14,647,893

(E.)

STATEMENT of the Monetary Circulation of the *United States*.

Presented by Mr. *Dana Horton* (page 102).

— I. —

Résumé of the operations for resumption of specie payments.
The law of 14th June 1875, ordained that on and after 1st January 1879 the Secretary of the Treasury should redeem the Legal Tender Notes (Greenbacks) of the United States then existing, which should be presented for reimbursement in sums of 50 dollars and over.
These notes did not have forced currency either for the payment of customs duties or of interest on the public debt.
The Treasury Department on and after 1st January 1879 accepted the greenbacks in payment of customs duties. The department paid only gold for the greenbacks which were presented.
It has received the following amounts:—

MONTH.	1879.	1880.	MONTH.	1879.	1880.
	<i>Dollars.</i>	<i>Dollars.</i>		<i>Dollars.</i>	<i>Dollars.</i>
January - - -	1,571,725	71,500	July - - -	954,800	25,000
February - - -	909,249	72,080	August - - -	981,400	22,000
March - - -	952,766	43,020	September - - -	603,485	150,000
April - - -	699,773	16,000	October - - -	740,295	9,000
May - - -	1,339,883	51,000	November - - -	77,499	—
June - - -	2,503,302	47,200	December - - -	122,359	—

Appendix.
Section II. There were in the Treasury, 1st November 1880 :—

	Dollars.
Gold coin - - - - -	60,210,179 75
Gold bullion - - - - -	80,742,657 99
Silver bullion - - - - -	6,043,367 37
Silver dollars - - - - -	47,084,459 00
Fractional coin - - - - -	24,629,489 89
TOTAL Dollars - - -	218,710,154 00

of which \$. 141,597,013. 61 were available for the redemption of greenbacks.

— II. —

STOCK on hand of the Precious Metals.

	Gold Coin.	Silver Coin.		Trade Dollars.	TOTAL.
		Dollars.	Fractional Coin.		
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
In the Federal Treasury, 1st November 1880.	60,210,179 75	47,084,459 00	24,629,489 89	- - -	31,924,128 64
In the National Banks, 1st October 1880.	95,675,472 00	(a) 2,500,000 00	2,830,357 00	- - -	101,005,829 00
In the various State Banks.	17,102,130 00	23,263,291 00	44,969,948 00	(c) 7,000,000 00	292,658,507 00
In private hands -	(b) 200,323,198 00				
TOTAL Coin - -	373,310,919 75	72,847,750 00	72,429,794 89	7,000,000 00	525,588,464 64
	GOLD.	SILVER.			
Silver and Gold Bullion in the Treasury, 1st November 1880.	80,742,657 99	(d) 6,043,367 37	—	—	—
TOTAL Bullion -	- - -	- - -	- - -	- - -	86,786,025 36
TOTAL Coin and Bullion (e) -	- - -	- - -	- - -	- - -	612,374,490 00

(a) Approximation.
(b) Estimate of Mr. Burchard, Director of the Mint.
(c) Estimate of Mr. Burchard, Director of the Mint. These pieces still circulate, although they are no longer legal tender; there are banks and individuals who take them at par with the standard dollar or with gold, and others who do not accept them, or who take them only for 90 dollars 95 cents, &c.
(d) Gold and silver bullion is valued at the rate of 16 = 1.
(e) I make no estimate of gold and silver bullion in private hands.

— III. —

STATEMENT of the Fiduciary Circulation and of the PAPER MONEY in the *United States*, according to the Report of Mr. *Knox*, Comptroller of the Currency.

DENOMINATION.	1880.			1879.	1878.
	National Bank Notes.	Legal Tender.	TOTAL.	TOTAL.	TOTAL.
<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
1 - - - -	2,292,462	21,954,900	24,247,362	22,887,502	24,652,750
2 - - - -	1,207,260	21,829,318	23,036,578	21,030,863	22,915,066
3 - - - -	99,910,760	67,132,138	167,042,898	159,522,853	148,116,015
10 - - - -	113,820,580	75,835,008	189,655,588	181,447,558	168,908,071
20 - - - -	75,631,560	72,088,277	147,719,837	141,445,933	131,785,709
50 - - - -	21,418,300	24,359,175	45,777,475	46,177,945	47,658,995
100 - - - -	26,888,900	33,069,700	59,958,600	58,339,780	58,331,470
500 - - - -	639,500	16,126,000	16,765,500	23,088,000	31,159,000
1,000 - - - -	239,000	14,401,500	14,640,500	23,111,500	33,794,500
5,000 - - - -	-	565,000	565,000	3,250,000	-
10,000 - - - -	-	320,000	320,000	2,500,000	-
Fractions of notes -	15,129	-	15,129	13,586	11,561
TOTAL - - -	342,063,451	347,681,016	689,744,467	682,815,520	667,333,137
To be deducted for Greenbacks destroyed in the Chicago fire -	-	1,000,000	1,000,000	1,000,000	1,000,000
TOTAL - - -	342,063,451	346,681,016	688,744,467	681,815,520	666,333,137

Of these amounts there were on the 1st October 1880 in the 2,195 National Banks :—

	<i>Dollars.</i>
* Greenbacks - - - - -	56,600,000
National Bank Notes - - - - -	18,200,000
TOTAL - - -	74,800,000

According to the report of Mr. James Gilfillan, Treasurer of the United States, there were on 30th September 1880, in the Federal Treasury :—

	<i>Dollars.</i>
Greenbacks - - - - -	27,901,594
National Bank Notes - - - - -	3,508,529
TOTAL - - -	31,410,123

Appendix.
Section II.

— IV. —

STATEMENT of the Mintage of COINS in the *United States* in the Years 1877, 1878, 1879,
according to the Report of Mr. *Burchard*, Director of the Mint.

DENOMINATIONS.	1877.	1878.	1879.
Gold:	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
Double-eagles - - - - -	43,529,700 00	45,916,500 00	28,889,260 00
Eagles - - - - -	211,490 00	1,081,440 00	6,120,320 00
Half-eagles - - - - -	177,660 00	1,427,470 00	3,727,155 00
Three-dollars - - - - -	4,464 00	246,970 00	9,090 00
Quarter-eagles - - - - -	72,630 00	1,160,650 00	331,225 00
Dollars - - - - -	3,920 00	3,020 00	3,030 00
TOTAL - - -	43,999,864 00	49,786,052 00	39,080,080 00
Silver:			
Trade-dollars (a) - - - - -	13,092,710 00	4,259,900 00	1,541 00
Standard-dollars - - - - -	- - -	22,495,550 00	27,560,100 00
Half-dollars - - - - -	7,540,255 00	726,200 00	2,950 00
Quarter-dollars - - - - -	6,024,927 50	849,200 00	3,675 00
Twenty-cents - - - - -	102 00	120 00	—
Dimes - - - - -	1,735,051 00	187,880 00	1,510 00
TOTAL - - -	28,393,045 50	28,518,850 00	27,569,776 00
Nickel and Copper:			
Five-cents - - - - -	- - -	117 50	1,455 00
Three cents - - - - -	- - -	70 50	1,236 00
One-cent - - - - -	8,525 00	57,998 50	162,312 00
TOTAL - - -	8,525 00	58,186 50	165,003 00
GENERAL TOTAL - - -	72,401,434 50	73,363,088 50	66,814,859 00

(a) The trade-dollars, 420 grains, 9-10ths fine, have no legal tender power.

— V. —

MINTAGE of Silver Coins since 30th June 1871.

YEARS.	Fractional Coins.	Standard Dollars.	Trade Dollars.	TOTAL.
	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>	<i>Dollars.</i>
30 June 1872 - -	1,916,873 05	1,112,961	- - -	3,029,834 05
" 1873 - -	1,968,645 50	977,150	- - -	2,945,795 50
" 1874 - -	2,394,701 30	- - -	3,588,900	5,983,601 30
" 1875 - -	4,372,868 00	- - -	5,697,500	10,070,368 00
" 1876 - -	12,994,452 50	- - -	6,132,050	19,126,502 50
" 1877 - -	19,387,035 00	- - -	9,162,900	28,549,935 00
" 1878 - -	8,339,310 50	8,573,500	11,378,010	28,290,825 50
" 1879 - -	382 50	27,227,500	- - -	27,227,882 50
" 1880 - -	8,687 50	27,933,750	- - -	27,942,437 50
1 June 1881 - -	- - -	(a) 28,000,000	- - -	28,000,000 00
TOTALS - -	51,382,955 85	93,824,861	35,959,960	181,167,181 85

(a) Estimate.

(F.)

Presented by Mr. Cernuschi (page 52).

SILVER COINS struck in Italy, 1862 to 1879, inclusive.

	<i>Francs.</i>
Silver coins at 830/1000 coined, 1862—1868 - -	156,000,000
900/1000 „ 1862—1879 - -	364,637,025
TOTAL Mintage of Silver - - -	520,637,025

The mintage of subsidiary coins was suspended in 1868.

Net Total of Silver Coins of former Governments withdrawn from circulation, 1862—1879 :—

	<i>Francs.</i>
	539,419,839
Deduct - - - 520,637,025 mintage of new coins of the realm.	
Difference - - -	18,782,814

A considerable part of the latter sum represents the loss suffered by the Treasury on the re-coinage of old silver coin.

NOTE.

For Details relating to the Netherlands, see pp. 182—5, and to India, pp. 212—217.

Appendix.
Section III.

SECTION III.

STATISTICS showing the Amount of SILVER Coined in various Countries since 1874; being Answers furnished to the Questions proposed by Mr. *Cernuschi* at the Third Sitting (p. 20), and by Dr. *Broch* at the Seventh Sitting (p. 58).

(A.)

REPLIES of the AUSTRO-HUNGARIAN GOVERNMENT to QUESTIONS of Mr. *Cernuschi* and Dr. *Broch*.

Presented by Count *von Kuefstein* (p. 103).

A U S T R I A.

TABLE A. gives a statement of the quantities of refined silver converted by the mint in Vienna, from 1st January 1874 to 1st January 1881, into current coins, fractional coins, and trade coins; while Table B. shows the sources whence the silver was derived.

Besides this, the Imperial and Royal Mint in Vienna coined in 1875, for the Servian Government, 25,050 kilograms of fine silver, and 15,355 kilograms in 1880, using for the purpose bullion from Hamburg and Paris.

The mint purchased the refined metal in all cases at 90 florins the kilogram, deducting the mint charge.

This price corresponds to the value of $60\frac{1}{2}$ pence per English ounce. No profit, therefore, resulted from these purchases, none of which were made at prices below the ratio of $13\frac{1}{2}$.

As regards the profit made by private individuals offering bullion for coinage, the situation in Austria was more complicated than elsewhere by reason of the simultaneous existence of the *agio* (premium) on gold and on silver.

From the middle of the year 1878, however, the premium on silver diminished more and more, and finally disappeared entirely. The exchange on London and the price of silver in that place having brought that metal below the legal par, it was found profitable to import silver bars to be coined.

Hence the Government was compelled to suspend the coinage for the account of private individuals, and has not been able to resume it since.

The value attained in 1878 and 1879 by the imports of silver bullion is clearly shown by the figures for those years in Tables A. and B.

The profits realized as a result of these speculations, after calculating the expenses (such as transport charges, seigniorage dues, and loss of interest), may be estimated at from $\frac{1}{2}$ to $2\frac{1}{2}$ per cent. at most.

The State, for its part, purchased and coined but very small quantities of silver bullion.

The National Bank, from 1874 to 1880, presented in all 5,005 $\frac{6}{10}$ kilograms of fine silver to be turned into "trade coins" (Levantine thalers), on commission for the Egyptian Government.

The coinage of the thalers of the Austro-German Union begun under the Monetary Treaty of 1857, ceased entirely in November 1867, after the dissolution of that union.

Tables C., D., and E., show, beginning with the year 1872, the number of gold and silver coins, both national and foreign, which have been recoined at the Vienna Mint.

These tables also contain the answer to the question put by Dr. *Broch*.

TABLE A.

STATEMENT of the Quantities of SILVER converted by the MINT in Vienna, since the 1st of January 1874, into Current COINS, Fractional COINS, and Trade COINS.

KILOS OF FINE SILVER.					
YEARS.	Current Coins.			Fractional Coins.	Trade Coins.
	2 Florins.*	1 Florin.	$\frac{1}{4}$ Florin.	10 Kreuzers.	Levantine Thalers.
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.
1874	1,756 800	27,544 500	- - -	- - -	57,977 9093
1875	2,354 400	56,147 634	55 577	- - -	77,461 3240
1876	2,041 200	80,919 000	- - -	- - -	118,217 5872
1877	2,334 600	155,147 400	- - -	- - -	2,212 1050
1878	3,272 400	210,700 800	- - -	- - -	42,827 9180
1879	12,245 400	416,503 800	- - -	- - -	25,994 0450
1880	1,837 800	72,273 600	- - -	9,936 585	1,563 9580
TOTAL	25,842 600	1,019,236 734	55 577	9,936 585†	326,254 8465

* This class includes the 11,152 $\frac{1}{2}$ used for the pieces coined in 1879, in remembrance of the silver wedding of their Majesties.
† This figure corresponds to an equal amount in pieces of 20 kreuzers withdrawn from circulation.

RECAPITULATION.

Current Coins	Of 2 florins	-	-	-	-	-	-	-	-	Kilos.	25,842 600
	" 1 florin	-	-	-	-	-	-	-	-	Kilos.	1,019,236 734
	" $\frac{1}{4}$ florin	-	-	-	-	-	-	-	-	Kilos.	55 577
											1,045,134 9110
Fractional coins of 10 kreuzers											9,936 5850
Trade coins, thalers of Marie Theresa											326,254 8465
TOTAL											1,381,326 3425

TABLE B.

ORIGIN of the BULLION according to the STAMPS.

KILOS OF FINE SILVER.							
YEARS.	England.	France.	Germany.			National	Demonetized
	London.	Paris.	Hamburg.	Berlin.	Frankfort-on-the-Main.	Product.	Coins.
	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.	Kilos.
1874	2,244 772	- - -	25,029 313	46 071	74 994	20,508 116	39,375 9433
1875	23,039 555	- - -	41,007 051	- - -	- - -	25,021 886	46,896 4430
1876	74,934 233	- - -	43,264 235	15,536 957	- - -	22,185 830	45,256 5322
1877	13,194 419	- - -	- - -	67,588 976	- - -	27,943 214	50,967 4960
1878	114,626 568	11,179 101	25,049 169	25,782 936	14,075 712	27,700 808	38,386 8240
1879	189,484 748	17,468 862	125,273 254	16,652 627	21,842 904	30,209 443	53,811 4070
1880	- - -	- - -	- - -	- - -	- - -	31,183 266	54,428 6770
TOTAL	417,578 295	28,647 963	259,623 022	125,607 567	35,993 610	184,752 563	329,123 3225

RECAPITULATION.

										Kilos.	417,578 295
Silver imported in fine bars											28,647 963
											259,623 022
											125,607 567
											35,993 610
											867,450 4570
National product											184,752 5630
Demonetized coins											329,123 3225
TOTAL Kilos of Fine Silver											1,381,326 3425

Appendix.

Section III.

TABLE C.

STATEMENT of National COINS Paid in to be Exchanged at the MINT in *Vienna*, from 1872 to 1880, inclusive.

NUMBER OF PIECES.

YEARS.	Species-Thalers.	Half Species-Thalers or Florins.	Zwanzigers (Pieces of Twenty Kreuzers since the Year 1753).	Twenty Kreuzers of 1852.	Zehners (Pieces of Ten Kreuzers since 1753).	Ten Kreuzers of 1852.	Coins of the Convention.		Fractional Coins.		
							Five Kreuzers.	Three Kreuzers.	Six Kreuzers of 1848 and 1849.	Ten Kreuzers of 1857.	Five Kreuzers of 1857.
1872 - -	64,250	15,605	5,412,131	38,778	29,675	70,882	31,417	100,393	504,180	453,000	144,000
1873 - -	65,250	11,763	2,151,973	41,261	35,125	178,320	28,354	90,063	354,608	180,000	82,000
1874 - -	57,000	43,117	2,572,185	41,193	43,959	167,129	38,264	114,991	2,696,393	127,000	64,000
1875 - -	77,000	16,383	1,957,717	34,729	32,981	135,800	940,917	295,791	628,746	85,000	64,000
1876 - -	67,050	11,141	2,537,087	45,209	33,173	152,828	317,558	235,101	393,718	47,000	32,000
1877 - -	186,904	20,829	1,613,500	53,707	32,903	105,973	67,043	130,841	47,650	70,000	82,000
1878 - -	52,553	15,832	3,674,806	38,815	26,623	92,127	41,567	86,835	356,682	52,000	56,000
1879 - -	365,240	24,882	2,372,725	52,239	64,147	120,256	38,838	86,578	34,601	51,000	86,000
1880 - -	96,103	41,408	4,761,552	94,301	16,007	166,686	46,688	105,842	308,510	19,000	46,000
TOTAL -	1,031,352	200,960	27,053,176	440,232	319,593	1,190,001	1,550,646	1,246,435	5,325,088	1,084,000	656,000

TABLE D.

STATEMENT of Foreign SILVER COINS Paid in to be Exchanged at the MINT in *Vienna*, from 1872 to 1880, inclusive.

NUMBER OF PIECES.

YEARS.	Kronenthalers of Brabant.	Half Kronenthalers.	Quarter Kronenthalers.	Bavarian Pieces of Two Florins.	French Pieces of Five Francs.	Mexican Pesos.	Various Coins taken at their Value in Fine Silver.*
1872 - -	10,226	4,089	1,586	- - -	25,232	- - -	Fl. kr. 171,420 80
1873 - -	10,677	5,634	3,973	- - -	6,161	- - -	1,955,289 84
1874 - -	19,164	4,313	3,380	- - -	- - -	- - -	1,044,227 86
1875 - -	56,563	9,665	6,944	- - -	- - -	- - -	791,495 12
1876 - -	74,143	10,678	4,327	1,369	- - -	19,647	2,181,164 66
1877 - -	81,022	12,663	10,119	38,096	- - -	44,145	2,196,284 46
1878 - -	51,860	7,111	4,242	39,178	- - -	182,212	1,809,771 49
1879 - -	116,859	15,829	5,882	34,910	- - -	245,000	872,119 85
1880 - -	61,903	15,223	15,228	8,064	- - -	43,150	2,005,995 67
TOTAL -	482,417	85,205	54,681	121,617	31,393	534,155	13,030,769 13

* Chiefly "beschliks" and "paras" from Bosnia.

TABLE E.

STATEMENT of GOLD COINS Paid in to be Exchanged at the MINT in Vienna, from 1872 to 1880, inclusive.

NUMBER OF PIECES.								
YEARS.	Ducats (Imperial Austrian).	20-Franc Pieces (French, Bel- gian, Italian, and other).	20-Mark Pieces of the German Empire.	Half Imperials (Russian).	Double Sovereigns (Lombard- Venetian).	Sovereigns (English).	Eagles (10 Dollars of the United States).	Various Coins taken at their resulting Value in Fine Silver.*
								Fl. Kr.
1872 - -	39,924	175,515	448.5	70,073	405	1,358	- -	274,808 87
1873 - -	61,560	140,192	480	8,420	129	854	- -	440,200 25
1874 - -	85,217	78,452	52,671	23,580	1,311	2,313	- -	154,775 78
1875 - -	169,098	2,320	459.5	3,580	4,110	2,570	1,100	176,811 12
1876 - -	142,442	147,942	138,723	15,000	17,054	2,787	1,956	333,609 58
1877 - -	91,093	36,964	147,606	65,448	4,904	8,568	1,887	550,167 48
1878 - -	70,055	1,068	9,463	61,446	4,415	4,654	1,725	664,688 93
1879 - -	109,475	2,870	2,495	68,810	8,055	737	1,176	168,967 61
1880 - -	171,247	23,122	4,848	23,285	2,721	1,089	1,189	158,136 36
TOTAL - -	940,111	608,445	357,254	339,642	43,104	24,930	9,633	2,922,165 98

* Chiefly "Imperials," Dutch ducats, and pieces of 100 and of 50 piasters.

HUNGARY.

REPLIES to Questions of Mr. Cernuschi.

Table No. 1 gives a Summary of the silver coins having full, and also of those having limited legal tender faculty, coined at the mint at Kremnitz.

No silver trade coins have been minted.

The silver was purchased by the mint at the price of 90 florins, or, after deducting 90 kreutzers for mint charges, at the price of 89 fl. 10 kr.

In general, during this period, there was coined only silver produced by the mines of the State, and such quantities of that metal as were brought to the mint by the retail trade. It was not till 1876, and notably in 1878 to 1880, that the condition of the market for the precious metals permitted of operations upon a more extended scale. The total value of these coinages, done in part for account of the Government, and in part for account of private persons, is 31,824,815 florins.

The numerous oscillations to which, at this time, the price of silver at London was subject, make it impossible to set forth the price which silver commanded in the metal market at the precise date when private parties brought their bullion for coinage. So far as concerns the operations of the Government, the latter has realised a profit of about three-fifths per cent.

The silver bars bore the stamps of London, Paris, Hamburg, Frankfort-on-the-Main, and Hettstadt, while some few came from St. Louis.

Table No. 2 gives a statement of the pieces recoined from 1874 to 1880.

There has been no coinage for the account of the bank of issue.

Appendix.
Section III.

TABLE No. 1.

SUMMARY of SILVER MONEYS Coined at the MINT at *Kremnitz*, from 1874 to 1880, inclusive.

YEARS.	Coins having Full Legal Tender Faculty : Pieces of 1 Florin.		Coins having Limited Legal Tender Faculty.	
	Weights in Kilograms of Fine Silver.	Nominal Value in Florins.	Weights in Kilograms of Fine Silver.	Nominal Value in Florins.
	<i>Kg.</i>	<i>Florins.</i>	<i>Kg.</i>	<i>Florins. Kr.</i>
1874 - - -	23,130 029,0	2,081,702	880 370,0	132,371 30
1875 - - -	23,043 978,0	2,073,958	281 664,0	42,504 40
1876 - - -	47,393 568,9	4,136,174	343 504,0	51,848 60
1877 - - -	23,468 211,9	2,241,386	303 570,0	46,007 70
1878 - - -	63,526 372,2	5,717,374	—	—
1879 - - -	286,176 951,0	25,755,927	—	—
1880 - - -	42,384 644,1	3,814,618	—	—
TOTAL - - -	509,123 755,1	45,821,139	1,809 108,0	272,732 18

which, when taken together, give a total of 510,932 kilograms, 863·1 of fine silver coined into a nominal value of 46,093,871 florins.

TABLE No. 2.

TABLE of SILVER PIECES Recoined in the Years 1874 to 1880.

		<i>Fl.</i>	<i>Kr.</i>
1874 - - -	Amount in nominal value - - -	298,897	12
1875 - - -	” ” ” - -	286,519	83·5
1876 - - -	” ” ” - -	187,901	43
1877 - - -	” ” ” - -	246,511	55
1878 - - -	” ” ” - -	170,148	84
1879 - - -	” ” ” - -	311,422	90·5
1880 - - -	” ” ” - -	225,232	21
TOTAL - - -		1,726,633	89

REPLY to the Question of Dr. *Broch*.

In Hungary, only national coins no longer current or much worn by use, have been presented to be exchanged at the mint.

(B.)

Presented by Mr. Pirmez (page 103).

BELGIUM.

REPLIES of the BELGIAN GOVERNMENT to Questions propounded by the Conference, concerning Silver Coinage.

1.—Q. BE pleased to make known the quantities of silver converted either into coin having unlimited legal tender faculty, or into coin with limited legal tender power, or into coin passing current outside of the State coining it?

A. See Document A., annexed.

2.—Q. How much did the metal used in the manufacture of these different coins cost each State?

A. As appears by the Table hereto annexed (Document B.), the refined silver purchased by the Belgian Government for the manufacture of its five-franc pieces and fractional coins, beginning from the 1st of January 1874, cost, when delivered into the vaults of the mint, including all charges for carriage, insurance, brokerage, &c., as follows:—

<i>d.</i>					
In February 1874	-	-	-	-	59 ⁶⁰ / ₁₀₀ per ounce of ³⁷ / ₁₆ .
„ July	„	-	-	-	59 ³³ / ₁₀₀ „ „ „
„ September	„	-	-	-	58 ⁴⁶ / ₁₀₀ „ „ „
„ August 1875	-	-	-	-	56 ⁹⁶ / ₁₀₀ „ „ „
„ February 1876	-	-	-	-	54 ³⁷ / ₁₀₀ „ „ „
„ June 1880	-	-	-	-	52 ⁸⁸ / ₁₀₀ „ „ „

To arrive at these rates, the exchange has, in every case, been calculated at par, viz.: 25 fr. 2,213 to the pound sterling.

3.—Q. How much more would it have been necessary to expend in the purchase of the silver which has been coined, if bimetallism at 15½ had been in force, that is to say, if silver had not ceased to be worth 60¹³/₁₆ the English ounce at ³⁷/₁₆ fine?

A. The metal purchased in London was, in most cases, stipulated deliverable free of charge in Brussels and payable in francs.

In estimating the cost of carriage to Brussels and the loss on exchange at 0.5716 *d.* per ounce, the result is seen that it would have been necessary to pay an increase to the extent mentioned below:—

Years.	Value per Ounce.	Charges.	Total.	Cost per Ounce.	Increase.
	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
February 1874	- - 60 13/16	0.5716	61.38	59.62	1.76
July 1874	- - - 60 13/16	0.5716	61.38	59.33	2.05
September 1874	- - - 60 13/16	0.5716	61.38	58.46	2.92
August 1875	- - - 60 13/16	0.5716	61.38	56.96	4.42
February 1876	- - - 60 13/16	0.5716	61.38	54.37	7.01
June 1880	- - - 60 13/16	0.5716	61.38	52.88	8.50

4.—Q. What is the total amount of the profit realised by the State in purchasing silver at prices below that of 60¹³/₁₆ *d.*?

A. The profit of the State is as follows:—

		<i>Fr.</i>	<i>s.</i>
On the coinage at ⁹⁰ / ₁₀₀	- - - - -	1,365,138	85
On the coinage at ^{83 1/2} / ₁₀₀	- - - - -	193,640	50

Appendix.
Section III.

- 5.—Q. Be pleased to make known the total of the amounts coined for account of private individuals, and on which the Government has made no profit; and set forth the price at which silver was selling in London at the time when such private individuals presented their bullion for coinage?
A. See Document C.
- 6.—Q. Indicate, if possible, the origin of the bullion according to any marks which may have been upon it?
A. Information is entirely wanting to answer this question.
When bullion is received, the numbers, weights, and marks of fineness are removed; no record is kept of marks which might indicate where the metal came from.
- 7.—Q. State if old, demonetised, national coins have been recoined, and in what amounts?
A. Since the date referred to in the interrogatory (1st January 1874) there has been no recoinage of old, national, demonetised coins.
- 8.—Q. Show whether banks of issue have presented silver for coinage, and to what extent, and if the profit resulting from the difference between the nominal value of the coin and the price of the unwrought metal has accrued to the banks themselves or to the State?
A. The National Bank presented in 1875, for coinage, 23,512 kilograms of refined silver.
The profit realised therefrom by the institution itself amounted to 200,632 fr. 18 c.

Document A.

KINGDOM OF BELGIUM.

OFFICE of the MINT.

YEARS.	Amounts of Silver converted into Coin.					
	Having full Legal Tender Faculty.		Having limited Legal Tender Faculty.		Current in Foreign States.	
	Weight of Fine Silver.	Coins Manufactured.	Weight of Fine Silver.	Coins Manufactured.	Weight of Fine Silver.	Coins Manufactured.
	<i>Kil. gr. mil.</i>		<i>Kil. gr. mil.</i>		<i>Kil. gr. mil.</i>	
1874 - -	58,997 097 490	5 franc Belgian -	- - -	- - -	22,382 639 723	Coins of Roumania at 0,835.
1874 - -	31,497 349 449	5 franc Swiss -	- - -	- - -	25,821 631 724	Coins of Roumania at 0,835.
1875 - -	67,070 907 365	5 franc Belgian -	- - -	- - -	10,811 536 230	Coins of Roumania at 0,835.
1876 - -	48,596 721 556	5 franc Belgian -	- - -	- - -	-	-
1877 - -	-	-	-	-	-	-
1878 - -	-	-	-	-	-	-
1879 - -	- - -	- - -	- - -	- - -	10,841 038 669	Coins of Venezuela, at 0,900 and 0,835.
1880 - -	- - -	- - -	3,261 457 855	Coins of Belgium at 0,835.	-	-
TOTAL - -	201,162 075 860	- - -	3,261 457 855	- - -	69,856 846 346	-

RECAPITULATION.

Amounts of Silver Converted into Coin.				Weight of Fine Silver.
				<i>Kil. gr. mil.</i>
Having full Legal Tender Faculty	-	-	-	201,162 075 860
Having limited Legal Lender Faculty	-	-	-	3,261 457 855
Current in Foreign States	-	-	-	69,856 846 346
TOTAL Weight of Fine Silver Converted into Coin -				274,280 380 061

Document B.

TABLE showing the Amount, the Price, and the Product of the Coinage of SILVER BULLION purchased for account of the BELGIAN GOVERNMENT.

CONTINGENT OF 1874.								
Dates.	Amounts in Kilograms.	Cost		Total of Invoices.	a. Product of the Coinage. b. Product of the Premium of 1 per Cent.	Gross Profit.	a. Cost of Refining. b. Commis- sions.	Net Profit.
		Per Kilogram fine.	Per Ounce Standard, at 37,540.					
	Kilog. gr.	Fr. c.	Pence.	Fr. c.	Fr. c.	Fr. c.	Fr. c.	Fr. c.
1 February 1874	27,687 015,038	217 82	59 62	6,030,705 09	a. 6,106,509 60 b. 6,106 50	81,911 01	- -	81,911 01
CONTINGENT OF 1875.								
19 July 1874	14,238 469,000	216 73	59 33	3,095,756 60	a. 3,149,405 10	53,648 50	- +	53,648 50
20 July "	14,225 463,000	216 69	59 32	3,082,578 37	a. 3,137,047 85 b. 6,287 78	54,469 48 6,287 78	- - a. 883 30	54,469 48 5,404 48
September "	6,780 790,000	213 53	58 46	1,447,900 28	a. 1,495,426 11	47,525 83	- -	47,525 83
August 1875	8,268 959,000	208 09	56 96	1,720,715 76	a. 1,823,765 70 b. 1,823 95	103,049 94 1,823 95	- -	- 104,873 89
TOTAL - -	43,558 681,000	-	-	9,346,951 01	9,613,756 49	266,805 48	883 30	265,922 18
CONTINGENT OF 1876.								
February 1876	48,597 680,086	198 60	54 37	9,651,573 13	a. 19,718,461 30 b. 19 718 46	1,066,888 17 10,718 41	b. 60,300 97	1,017,305 66
GRAND TOTAL	119,843 376,124	-	-	25,029,229 23	26,455,552 35	1,426,323 12	61,184 27	1,365,138 85
CONTINGENT OF 1878.								
Fractional Coins.								
June 1880	4,175 000,000	193 14	52 88	806,359 50	a. 1,000,000 00	193,640 50	- -	193,640 50

Document C.

KINGDOM OF BELGIUM.

OFFICE of the MINT.

Amounts Coined for Account of Private Individuals, without Profit to the Government.	Year during which the Coinage was done.	Dates on which Parties brought their Bullion to be Coined.	Price of Silver in London at same Dates.
Fr. c. 5,840,467 30	1874	From the 3rd to the 19th of De- cember 1873.*	About 58 pence.

* The law of 18th December 1873 having authorised the Government to suspend or limit the coinage of silver, a Royal Decree closed the Office of the Mint against silver bullion coming in to be coined from and after the 20th of the same month.

Appendix.
Section III.

(C.)

Presented by Mr. Cernuschi (page 103).

FRANCE.

1.—TABLE showing the Coinage of Silver (Five-Franc Pieces) executed for the account of the Treasury* since 1st January 1874.

Date of Purchases of Silver.	Cost Price.	Weight at different Standards.	Amounts disbursed in the Purchase of Silver at $\frac{1000}{1000}$ Fine.		Amounts Produced by the Coinage.		Difference constituting Profit.	
1875 :	†	Kil.	Fr.	c.	Fr.	c.	Fr.	c.
25 June - -	58 per mille loss	- -	2,003,739	30	2,143,270	24	139,530	94
29 " - -	62 " -	- -	1,002,864	35	1,077,271	93	74,407	58
5 July - -	62 " -	- -	513,806	95	551,926	53	38,119	58
6 " - -	62 " -	• - •	3,063,357	50	3,290,621	09	227,263	59
31 August - -	50 " -	- - •	1,984,890	65	2,105,224	14	120,333	49
2 September -	50 " -	- -	1,998,573	00	2,119,733	75	121,160	75
6 " - -	50 " -	- -	1,301,444	10	1,380,338	87	78,894	77
6 " - -	50½ " -	- -	1,012,207	05	1,074,135	39	61,928	34
17 " - -	50 " -	- -	1,229,161	45	1,303,691	54	74,530	09
24 " - -	50½ " -	- -	1,133,729	44	1,203,103	12	69,373	68
2 October - -	50 " -	- -	988,433	70	1,048,359	03	59,925	33
4 " - -	50½ " -	- -	494,241	80	524,481	81	30,240	01
5 " - -	50½ " -	- -	1,293,823	54	1,372,977	07	79,153	53
6 " - -	51 " -	- -	500,259	70	531,158	09	30,898	39
20 " - -	45 " -	- -	471,391	80	497,354	65	25,962	85
21 " - -	42½ " -	- -	2,026,462	85	2,132,468	90	106,006	05
22 " - -	45 " -	- -	310,424	30	327,521	98	17,097	68
25 " - -	45 " -	- -	527,632	90	556,688	71	29,055	81
26 " - -	45 " -	- -	507,724	95	535,684	20	27,959	25
27 " - -	45 " -	- -	191,386	19	201,924	88	10,538	69
3 November -	45 " -	- -	1,204,629	00	1,270,977	14	66,348	14
4 " - -	45 " -	- -	1,515,186	85	1,598,620	50	83,433	65
10 " - -	45½ " -	- -	189,878	60	200,439	15	10,560	55
17 " - -	47 " -	- -	1,086,350	60	1,148,576	46	62,225	86
17 " - -	47½ " -	- -	516,963	25	546,862	01	29,898	76
24 " - -	51 " -	- -	503,645	40	534,740	16	31,094	76
30 " - -	52½ " -	- -	524,886	25	558,173	01	33,286	76
30 " - -	53 " -	- -	502,298	55	534,435	85	32,137	30
1 December -	53 " -	- -	821,561	50	874,125	23	52,563	73
2 " - -	53 " -	- -	998,459	10	1,062,340	45	63,881	35
2 " - -	54 " -	- -	586,061	88	624,216	45	38,154	57
8 " - -	54 " -	- -	2,554,067	55	2,720,348	03	166,280	48
9 " - -	54 " -	- -	1,090,853	15	1,161,874	77	71,021	62
9 " - -	55 " -	- -	1,005,266	60	1,071,846	84	66,580	24
14 " - -	56 " -	- -	1,099,267	17	1,173,316	03	74,048	86
14 " - -	56½ " -	- -	565,005	60	603,384	94	38,379	34
16 " - -	56½ " -	- -	941,571	15	1,005,529	71	63,958	56
28 " - -	60 " -	- -	260,480	90	279,205	20	18,724	30
Total - - -		187,614 60	38,521,988	62	40,946,947	85	2,424,959	23

* There was no coinage for the account of the Treasury from the 1st of January 1874 to the 25th of June 1875 ; nor has there been any since the 28th of December of the latter year. No fractional coins were struck in 1874, or have been since.
† Viz., the *per mille* at which the silver was purchased *below* the old established and merely nominal rate of 218fr. 89 c. per kilogram $\frac{1000}{1000}$ fine, which, by custom in Paris, is taken as the basis.

2.—STATEMENT of the MINT CERTIFICATES delivered to Private Individuals in Exchange for Ingots, Foreign Coin, and other Silver Bullion delivered by them at the MINTS of Paris and Bordeaux on and after 1st January 1874.

Y E A R S.	P A R I S.				B O R D E A U X.				P A R I S AND BORDEAUX.	
	Ingots.		Foreign Coin.		Plate.		TOTAL.		Fr.	c.
	Fr.	c.	Fr.	c.	Fr.	c.	Fr.	c.		
1874 -	36,395,109	35	44,291	07	236,868	92	36,576,269	34	17,150,950	28
1875 -	* 45,497,098	04	2,189,294	89	563,396	03	48,249,788	96	10,444,752	71
1876 -	22,475,279	68	1,060,252	70	137,011	61	23,672,543	99	8,503,128	82
	104,267,487	07	3,293,838	66	937,276	56	108,498,602	29	36,098,831	81
										144,597,434 10

* 40,946,947 francs, coined on account of the Treasury, are not included in this Statement. See Exhibit F. of the 9th Session.

The late legislation of the German Empire produced, after 1873, a great afflux of silver in Belgium and France. The French Mints which, in 1872, had received less than a million of francs worth of silver to coin, received 173 millions worth of it in 1873.

A Ministerial Order, of 6th September 1873, directed that the mintage of silver five franc pieces should henceforth be restricted to 200,000 francs per day in Paris, and to 80,000 francs a day in Bordeaux. By a second Order (19th November 1873) the mintage was limited to 400,000 francs a day in Paris, and 50,000 francs a day in Bordeaux; and by their Order (28th May 1874) it was settled that, on and after 1st January 1875, there should be accepted of silver for coinage no more than 75,000 francs a day at Paris, and 25,000 francs a day at Bordeaux.

The system of limited coinage of silver, with a contingent for each State, was inaugurated in the Latin Union by the Treaty of 31st January 1874, and has been in force since then.

Although limited by the Ministerial Orders, the deliveries of silver bullion for mintage accumulated more and more in the Mints. To preclude the mintage of a sum greater than the contingent allowed to France, a law was passed (5th August 1876) which ordained that the Mints should be closed to further delivery of silver.

By the Treaty of 5th November 1878, the States of the Latin Union put an end to the system of limited coinage, which cannot be resumed before 1st January 1886, unless by common consent.

What is the profit which private individuals were enabled to realise, after 1st January 1874, on the mintage at par, at 15½, of silver which they had bought at a lower price after the suspension of free coinage caused a fall in the value of the ingot?

Inasmuch as hardly a day passed without the bankers bringing in silver to be coined, the calculation of the profit realised on each delivery would require great labour, which would be of no appreciable use.

It is, however, to be remarked, that the profits in question were lessened by the loss of interest which the bankers were obliged to bear, in consequence of the limitation, and of the delay in minting. In exchange for the metal which they brought, the bankers received Mint Certificates, payable at distant dates. The Mint Certificates delivered at the beginning of January 1874 were at six months. Those delivered afterwards were payable at dates further and further removed. The last certificates, issued in July 1876, were not due till December 1878.

The Bank of France obtained; no silver at all was coined on its account.

Appendix.

Section III.

3.—SILVER Coined by the FRENCH MINTS for the Colonies, and for other Countries, from 1 January 1874 to 1 January 1881.

FRENCH COCHINCHINA.			
Silver pieces of 50, 20, and 10 hundredths of a piastre - - -			Piastres. 200,000
GREECE.			
Five-franc pieces - - - - -			Fs. c. 15,462,865 00
Pieces of 1 drachma - - - - -			Fs. c. 2,249,465 00
Pieces of 50 lepta - - - - -			2,250,286 50
Pieces of 20 lepta - - - - -			444,625 40
TOTAL - - - Fs.			4,944,376 90
TOTAL - - - Fs.			20,407,241 90
URUGUAY.			
Denomination.	Fineness.	Nominal Value.	
Piasters - - - - -	900	Fs. c.	1,615,500 00
50 centesimos - - - - -			1,000,512 50
20 centesimos - - - - -			1,499,988 00
10 centesimos - - - - -			1,500,000 00
TOTAL - - - Fs.		5,616,000 50	
VENEZUELA.			
Denomination.	Fineness.	Nominal Value.	
Venezolano - - - - -	900	Fs. c.	175,100 00
5 decimos - - - - -	835		1,495,867 50
2 decimos - - - - -			566,922 00
1 decimo - - - - -			569,715 00
5 centaros - - - - -			370,659 50
TOTAL - - - Fs.		3,178,273 00	

(D.)

G E R M A N Y.

RESPONSE of the *German* Delegates to the request for Information addressed to the Conference by Mr. *Cernuschi*.

Presented by the Baron *von Thielmann* (page 104).

The Governments here represented are requested to furnish the Conference with detailed information concerning their mintage of silver since the 1st of January 1874.

QUESTIONS.	ANSWERS.
1. To state the quantities of silver converted—	• •
(a) Either into coin with unlimited legal tender;	1. (a) None.
(b) Or, into coin with limited legal tender;	(b) See annexed Table marked (A).
(c) Or, into coin current outside the State manufacturing it.	(c) None.
2. The cost to each State, of the metal which served to manufacture the different coins?	2. Old silver coin withdrawn from the circulation was used for the manufacture of these coins. The cost of the silver, independently of the wear of the coin melted down, and of the losses caused by the recoinage, correspond, therefore, with the nominal value of the coins melted down; it amounts to 382,271,086.62 marks for 4,247,456.518 pounds of fine silver. • See No. 7.
3. The additional sum which must have been expended in buying the silver thus minted if bi-metallism at 15½ had been in force; that is to say, if silver had still been worth 60 $\frac{1}{16}$ d. per English ounce, $\frac{3}{10}$ fine?	3. This question is not applicable to Germany.
4. The total amount of the profit realised by the State by buying silver at prices below 60 $\frac{1}{16}$ d.?	4. Ditto.
5. To state the amount manufactured for private individuals which yielded no profit to the Government, and give the price of silver at London at the time when these individuals presented the bullion for mintage?	5. In Germany the law does not permit the mintage of silver for private persons.
6. To indicate, if possible, the source of the bars by the marks they bore?	6. This question is not applicable to Germany.

Appendix.
Section III.

QUESTIONS.	ANSWERS.
7. To indicate whether old demonetised coins have been reminted, and to what amount?	7. In the total amount of 4,247,466. ⁵¹⁸ pounds fine silver, indicate in No. 2, are included 32,429. ⁵⁶⁹ pounds of fine silver, which were delivered to the mints in the form of bullion produced by melting down the silver coins of the different States, which had been withdrawn from the circulation. The nominal value of the latter was 2,988,453 marks. Exclusive of this sum, the total amount of metal to be coined was composed of silver coins of the different States given up <i>in specie</i> to be minted into coins of the Empire.
8. To indicate whether the banks of issue themselves presented silver for mintage, and how much; and whether the profit resulting from the difference between the nominal value of the coin and the price of the metal accrued to the banks themselves, or to the State.	8. This question is not applicable to Germany.
9. The German Government is requested to state how much silver money was coined by the various German States in 1869, 1870, 1871, and at what date the last thaler and last florin were coined?	9. See the annexed Table marked (B). The last thaler and last florin were coined in 1871. •

(A.)—STATEMENT of the IMPERIAL SILVER COINS Struck in the GERMAN MINTS since 1st January 1874.

No.	Y E A R.	Pieces of 5 Marks.		Pieces of 2 Marks.		Pieces of 1 Mark.		Pieces of 50 Pfennings.		Pieces of 20 Pfennings.		T O T A L S.	
		Value.	Weight.	Value.	Weight.	Value.	Weight.	Value.	Weight.	Value.	Weight.	Value.	Weight.
		Marks.	Lbs.	Marks.	Lbs.	Marks.	Lbs.	Marks.	Lbs.	Marks.	Lbs.	Marks.	Lbs.
1	1874	4,992,050	49,920 500	-	-	32,540,104	325,491 040	-	-	8,799,467 40	87,994 674	46,331,621 40	463,316 214
2	1875	20,126,485	201,264 850	-	-	74,410,221	744,102 210	10,810,380 00	108,103 800	10,211,908 60	102,119 086	115,558,994 60	1,155,589 946
3	1876	46,534,560	465,345 600	74,773,814	747,738 140	35,394,107	353,941 070	37,993,846 50	379,938 465	15,383,908 80	153,839 088	210,080,236 30	2,100,892 363
4	1877	-	-	23,037,078	230,370 780	745,526	7,455 260	22,300,262 50	223,002 625	140,076 00	1,400 760	46,222,942 50	462,229 425
5	1878	-	-	689,156	6,991 569	5,485,584	54,855 840	382,063 00	3,820 630	-	-	6,566,803 00	65,668 030
6	1879	-	-	296,960	2,969 600	156,444	1,564 440	-	-	5,000,000 00*	50,000 000	453,404 00	4,534 040
7	1880	-	-	2,219,934	22,199 340	2,311,716	23,117 160	-	-	-	-	5,000,000 00	50,000 000
8	1 Jan. to end of April 1881.	-	-	-	-	-	-	-	-	-	-	-	-
T O T A L		71,653,095	716,530 950	101,026,942	1,010,269 420	151,049,702	1,510,437 029	71,486,552 50	714,865 520	29,535,369 80	295,953 698	424,745,651 80	4,247,456 518

* 5,000,000 marks of 20 pfennig pieces were withdrawn in 1879, and re-coined into one and two mark pieces in 1879 and 1880.

Appendix.
Section III.

(B.)—STATEMENT of SILVER COINS of the different STATES (Current and Fractional Coins) Struck in Germany in the Years 1869, 1870, and 1871.									
Numbers.	COINS STRUCK IN GERMANY.	1869.		1870.		1871.		TOTALS.	
		Value expressed in the Coins themselves.	Value in Marks.	Value expressed in the Coins themselves.	Value in Marks.	Value expressed in the Coins themselves.	Value in Marks.	Value expressed in the Coins themselves.	Value in Marks.
A.—CURRENT MONEY.									
SILVER.									
1	Pieces of 2/1 thaler	-	31,406 00	6,270 th.	18,810 00	10,454 th.	31,362 00	20,526 th.	61,578 00
2	" 1/1 thaler	-	18,966,831 00	6,366,648	19,099,944 00	10,536,464	31,609,392 00	23,225,389	69,676,167 00
3	" 1/3 thaler	-	-	-	-	-	-	-	-
4	" 1/6 thaler	-	319,124 00	46,613	139,839 00	48,877 th. 10 sgr.	146,632 00	201,865	605,595 00
5	" 1/12 thaler	-	-	-	-	-	-	-	-
6	" 2/1 florin	-	-	-	-	-	-	-	-
7	" 1/1 florin	-	209,607 43	72,127 fl.	123,646 89	35,030 fl.	60,051 43	229,428 fl.	393,305 15
8	" 1/2 florin	-	238,056 86	77,540 1/2	132,926 57	45,674 1/2	78,299 14	262,081 1/2	449,282 57
9	Add for the Hanseatic Cities:	-	-	-	-	-	-	-	-
	Pieces of 1/1 thaler of gold	-	-	-	-	66,550	199,650 00	66,550 th.	199,650 00
	TOTAL A.	-	19,745,025 29	-	19,515,165 86	-	32,125,386 57	-	71,385,577 72
B.—FRACTIONAL MONEY.									
SILVER.									
1	Pieces of 1/12th thaler	-	561,889 25	225,927 th. 2 sgr. 6 pf.	677,781 25	194,463 th. 20 sgr.	583,391 00	607,687 th. 5 sgr.	1,823,061 50
2	" 1/15th thaler	-	119,761 40	2,039 18	6,178 80	16,361 16	49,084 60	58,341 18	175,024 80
3	" 1/30th thaler	-	654,584 20	241,245 7	723,735 70	213,059 17	639,178 70	672,499 16	2,017,498 60
4	" 1/48th thaler	-	-	-	-	-	-	-	-
5	" 1/60th thaler	-	22,397 80	13,570 15	40,711 50	4,516 24	13,550 40	25,553 07	76,659 70
6	" 6 kreuzers	-	-	-	-	-	-	-	-
7	" 3 kreuzers	-	24,458 14	12,943 fl.	22,188 00	14,425 fl. 3/4	24,729 86	41,636 fl.	71,876 00
8	" 1 kreuzer	-	121,256 46	63,409 th. 15 kr.	108,701 57	69,256 fl. 16 kr.	118,725 03	203,398 27 kr.	348,683 06
	TOTAL B.	-	1,504,347 25	-	1,579,296 82	-	1,428,659 59	-	4,572,303 66
	Adding A.	-	19,745,025 29	-	19,515,165 86	-	32,125,386 57	-	71,385,577 72
	GENERAL TOTAL	-	21,249,372 54	-	21,094,462 68	-	33,554,046 16	-	75,897,881 38

(E.)

GREAT BRITAIN.

REPLIES to QUESTIONS proposed by the International Monetary Conference, 1881.

QUESTIONS of Mr. *Cernuschi*.Presented by Mr. *Fremantle* (page 110).

	Ounces.
Amount of silver bullion purchased for the coinage of British token coins from 1st January 1874 to 31st December 1880 - - - - -	6,606,193
Average price paid per ounce - - - - -	$55\frac{1}{18}$ d.
Total amount paid - - - - -	£. 1,530,532
Amount which would have been paid if the purchases had been made at 60 d. 13-16ths per ounce - - - - -	1,673,913
Gross profit to the State on the purchases made - - - - -	282,729
Loss to the State by re-coinage of silver coin withdrawn from circulation - - - - -	258,851
Net Profit to the State - - - £.	23,878

All silver bullion for coinage is purchased by the Government, and the profit resulting from its conversion into coin accrues to the State only.

It is not possible to furnish any accurate statement respecting the source whence silver bullion sent into the Mint is derived, as almost all the bar silver received is refined in London before its purchase for coinage.

During the period from 1st January 1874, and 31st December 1880, no British coins have been demonetised.

QUESTION of Dr. *Broch*, Delegate of *Norway*.

No gold or silver moneys of foreign countries are received at the English Mint for coinage.

(F.)

ITALY.

STATEMENT of the SILVER COINAGE in *Italy*, 1874—1880.Presented by M. *Seismit Doda* (page 58).RESPONSE of the *Delegates of Italy* to the Request for Information addressed to the Conference in the Session of 7th May 1881.

	1874.	1875.	1876.	1877.	1878.	1879.	1880.
Quantity of Silver Coined :—							
A.—Into money with full legal tender power - - - (a) -	22,887 ^{kg} 305,920	143,659 ^{kg} 561,005	80,930 ^{kg} 049,640	40,435 ^{kg} 144,151	83,248 ^{kg} 159,180	none.	
B.—Into money with limited legal tender - - - (a) -	none	none	none	none	none	none.	
C.—For other States - - - (a) -	none	none	none	none	none	none.	
For private individuals, without profit to the Government, at the price of Silver, at London, the day the metal was presented at the Mint - - - - - (a) -	none (b)	none (b)	none (b)	none (b)	none (b)	none (b).	
Origin of the bullion, or manufacturer's marks - - - - - (c) -	(c)	(c)	(c)	(c)	(c)	(c).	
Recoinage of old coins (nominal value) - - - - -	Francs. c. 21,604,623 54	Francs. c. 13,416,751 09	Francs. c. 18,346,653 72	Francs. c. 13,151,419 76	Francs. c. 8,584,410 36	Francs. c. 12,762,941 61	Francs. c. 8,121,019 94
Coinage for Banks of Issue, and who gained by it, the Banks or the State - - - - -	none	none	none	none	none	none	one.

(a) No information, because the Mints were let out on contract in 1874.

(b) By the law of 17th July 1875, it was forbidden to private individuals to have silver coined.

(c) No account taken.

Appendix.

Section III.

(G.) - - - - -

N E T H E R L A N D S. - - - - -

I.—STATEMENT of the COINS of GOLD, of SILVER, of COPPER, and of BRONZE, Coined and in the Establishments

Presented by M. Vrolik (page 29). - - - - -

YEARS.	Legal Tender.				Fractional Coin of Silver, Copper, and Bronze				
	Pieces of 10 Florins.	Pieces of 2½ Florins.	Florins.	Half Florins.	Pieces of 25 Cents.	Pieces of 10 Cents.	Pieces of 5 Cents.	Copper.	
	Gold.	Silver.						Cents.	Demi-Cents.
1871 -	-	6,875,935	-	-	-	1,000,000	-	-	-
1872 -	-	13,416,978	-	-	-	-	-	-	2,026,000
1873 -	-	5,515,073	-	-	-	1,000,000	-	3,026,000	2,026,000
1874 -	-	12,795,726	-	-	-	1,000,000	-	-	-
1875 -	4,110,000	-	-	-	-	-	-	3,015,000	2,026,000
1876 -	1,581,106	-	-	-	-	1,000,000	200,000	13,047,000	2,020,000
1877 -	1,708,149	-	-	-	-	1,000,000	-	11,026,000	1,400,000
1878 -	-	-	-	-	-	1,000,000	-	-	-
1879 -	581,036	-	-	-	-	1,000,000	200,000	-	-
1880 -	50,100	-	-	-	-	1,000,000	-	-	-
	7,430,391	38,602,212	-	-	-	8,000,000	400,000	30,114,000	9,498,000
1840 - 1850	-	34,416,937	35,379,383	5,147,000	20,010,907	15,075,155	3,037,000	-	10,321,700
1851 - 1860	-	32,618,558	30,453,629	20,815,814	7,974	3,848,027	925,979	2,032,000	18,284,560
1861 - 1870	-	32,789,583	24,069,347	24,562,905	-	3,240,000	1,740,000	20,358,000	15,948,000
	7,430,391	138,427,290	89,902,359	50,525,719	20,018,881	30,163,182	6,102,979	52,504,000	54,052,260
	Fs. 74,303,910	Fs. 346,068,225	Fs. 89,902,359	Fs. c. 25,262,859 50	Fs. c. 5,004,720 25	Fs. c. 3,016,318 20	Fs. c. 305,148 95	Fs. 525,040	Fs. c. 270,261 30

Besides the Coins included in this Table,

Between 1840 and 1850.	
2,782,516 pieces of 10 florins (gold).	
1,595 pieces of 5 florins (gold).	
213,084 ducats in gold.	
2,601,267 florins for India.	
973,270 quarter florins for India.	
169,007 "sous" for Curaçao.	
6,740,739	

- - (G.)
N E T H E R L A N D S.

between 1840 and 1880, for Circulation in the *Netherlands* and in their Colonies, at the MINT in *Utrecht*, connected with it.

Presented by M. *Vrolik* (page 29).

for the Netherlands.				Fractional Coin of Silver and Copper for Dutch India.							Number of Pieces Coined per Year, or per Period of Ten Years.	Nominal Value Coined every Year, or per Period of Ten Years.
Bronze.			Quarters of a Florin. — Silver.	10ths of a Florin. — Silver.	20ths of a Florin. — Silver.	Pieces of 2½ Cents.	Cents.	Half Cents.				
Pieces of 2½ Cents.	Cents.	Half Cents.										
1	-	-	-	-	-	-	-	-	-	-	7,875,035	<i>Fs.</i> 17,287,587 <i>c.</i> 50
2	-	-	-	-	-	-	-	-	-	-	15,442,378	33,551,075 00
3	-	-	-	-	-	-	-	-	-	-	11,567,073	13,928,072 50
4	-	-	-	-	-	-	-	-	-	-	13,795,726	32,089,315 00
5	-	-	-	-	-	-	-	-	-	-	9,151,000	41,140,280 00
6	-	-	-	-	-	-	-	-	-	-	17,848,106	16,061,630 00
7	4,000,000	6,100,000	-	-	-	-	-	-	-	-	24,634,149	11,459,750 00
8	-	53,900,000	4,000,000	-	-	-	-	-	-	-	58,900,000	650,000 00
9	-	-	-	-	-	-	-	-	-	-	1,781,036	5,920,360 00
10	4,000,000	20,000,000	-	-	-	-	-	-	-	-	25,050,100	901,000 00
11	8,000,000	80,000,000	4,000,000	-	-	-	-	-	-	-	186,044,603	172,998,070 00
12	-	-	-	-	-	-	-	-	-	-	123,388,082	130,708,926 25
13	-	-	-	23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	1,086,529,670	140,797,138 20	
14	-	-	-	-	-	-	-	-	-	-	122,707,835	119,019,077 00
15	8,000,000	80,000,000	4,000,000	23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	1,518,670,190	563,523,211 45	
16	<i>Fs.</i> 200,000	<i>Fs.</i> 800,000	<i>Fs.</i> 20,000	<i>Fs.</i> 5,800,152	<i>Fs.</i> 3,800,250	<i>Fs.</i> 24,598	<i>Fs.</i> <i>c.</i> 2,000,747 15	<i>Fs.</i> <i>c.</i> 4,079,062 45	<i>Fs.</i> <i>c.</i> 2,139,559 65	-	-	

there were Coined at the *Utrecht* Mint:—

Between 1851 and 1853.	Between 1871 and 1880.
2,636 double <i>guillaumes d'or</i> . 10,000 <i>guillaumes d'or</i> . 10,000 half <i>guillaumes d'or</i> . 22,636	306,119 gold ducats.

Appendix.

Section III.

II.—TABLE of COINS of GOLD, SILVER, COPPER, and BRONZE, Coined at the MINT of
and of those which have been

YEARS.	Legal Tender.				Fractional Coin in Silver, Copper, and Bronze, for the					
	Pieces of 10 Florins.	Pieces of 2½ Florins.	Florins.	Demi- Florins.	Pieces of 25 Cents.	Pieces of 10 Cents.	Pieces of 5 Cents.	Copper.		
	— Gold.	— Silver.						Cents.	Half Cents.	
1871 -	-	4,780,000	-	-	-	-	-	-	-	1
1872 -	-	2,452,000	150,000	-	-	-	-	-	-	2
1873 -	-	8,540,000	530,000	300,000	-	-	-	-	-	3
1874 -	-	494,430	-	-	-	-	-	-	-	4
1875 -	-	1,600,000	-	-	50,000	-	-	-	-	5
1876 -	5,000	784,000	100,000	-	-	-	-	-	-	6
1877 -	42,600	6,600,000	-	-	-	-	-	-	-	7
1878 -	-	4,000,000	-	-	-	-	-	-	-	8
1879 -	70,000	2,400,000	-	-	-	-	-	-	-	9
1880 -	50,059	1,200,000	120,000	60,000	-	-	-	-	-	10
Re-exported to the Netherlands }	167,659	32,850,430	900,000	360,000	50,000	-	-	-	-	11
	-	21,368,081	84,769,925	20,824,000	3,416,000	1,736,000	208,000	1,490,000	20,000	12
	-	44,212,200	27,421,956	25,364,000	2,418,000	1,490,000	1,012,000	8,813,000	1,500,000	1
	167,659	98,430,711	63,091,881	46,548,000	5,884,000	3,226,000	1,220,000	10,303,000	1,520,000	14
	27,000	4,691,200	-	-	2,000,095	1,047,051	-	6,010,000	600,000	15
	140,659	93,739,511	63,091,881	46,548,000	3,883,905	2,178,949	1,220,000	4,293,000	920,000	16
	Fs. 1,406,590	Fs. c. 234,348,777 50	Fs. 63,091,881	Fs. 23,274,000	Fs. c. 970,976 25	Fs. c. 217,894 90	Fs. 61,000	Fs. 42,930	Fs. 4,600	17

Utrecht and its Dependencies, which have been Exported to the Dutch Colonies and Abroad, Re-imported into the *Netherlands*.

Netherlands.				Coins of Silver and of Copper for Dutch India.						Number of Pieces Exported each Year, and per Periods of Ten Years.	Nominal Value of the Exportations by Years, and by Periods of Ten Years.
Bronze.			Quarters of a Florin. — Silver.	10ths of a Florin. — Silver.	20ths of a Florin. — Silver.	Pieces of 2½ Cents. — Copper.	Cents. — Copper.	Demi-Cents. — Copper.			
Pieces of 2½ Cents.	Cents.	Half Cents.									
1	-	-	-	-	-	-	-	-	-	4,780,000	Fs. c. 11,950,000 00
2	-	-	-	-	-	-	-	-	-	2,602,000	6,280,000 00
3	-	-	-	-	-	-	-	-	-	9,370,000	22,030,000 00
4	-	-	-	-	-	-	-	-	-	494,430	1,236,075 00
5	-	-	-	-	-	-	-	-	-	1,650,000	4,012,500 00
6	-	-	-	-	-	-	-	-	-	889,000	2,110,000 00
7	-	-	-	-	-	-	-	-	-	6,642,000	16,926,000 00
8	-	-	-	-	-	-	-	-	-	4,000,000	10,000,000 00
9	-	-	-	-	-	-	-	-	-	2,470,000	6,700,000 00
10	-	-	-	-	-	-	-	-	-	1,430,059	3,653,059 00
11	-	-	-	-	-	-	-	-	-	34,328,089	84,895,165 00
12	-	-	-	23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	1,061,375,135	117,499,496 75
13	-	-	-	-	-	-	-	-	-	112,231,156	151,534,186 00
14	-	-	-	23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	1,207,934,380	353,928,847 75
15	-	-	-	-	-	-	-	-	-	14,375,346	12,605,828 85
16	-	-	-	23,200,608	38,002,500	491,960	80,029,886	407,906,245	427,911,930	1,193,559,034	341,263,018 90
17	-	-	-	Fs. 5,800,152	Fs. 3,800,250	Fs. 24,598	Fs. c. 2,000,747 15	Fs. c. 4,079,062 45	Fs. c. 2,139,559 65	—	—

Appendix.
Section III.

(H.) - - - - -

SWEDEN.

Presented by Dr. *Förssell* (page 125). - - - - -

STATEMENT of the GOLD and SILVER COINS Struck

GOLD COINS brought for Exchange

DENOMINATION.	1874.		1876.		
	Gross.	Pure.	Gross.	Pure.	
	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	
7,100 carolins - - - - -	10 319	9 287	12 575	11 318	1
200 Swedish ducats - - - - -	- - -	- - -	695	678	2
2,000 n. sovereigns - - - - -	- - -	- - -	- - -	- - -	3
21 Russian half imperials - - - - -	- - -	- - -	- - -	- - -	4
TOTALS - - -	10 319	9 287	13 270	11 996	

SILVER COINS brought for Exchange

DENOMINATION.	1870.		1875.		1876.		
	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.	
SWEDISH COINS.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	Kil. gr.	
In pursuance of the Coinage Law of 1664.							
Pieces of 1, 2/3 and 1/3 species - - - - -	- - -	- - -	1,651 105	1,450 341	8 757	7 693	5
„ 1/6 species - - - - -	710 526	492 395	163 967	113 629	7 268	5 037	6
„ 1/12 species - - - - -	332 384	167 521	61 675	31 084	4 718	2 378	7
„ 1/24 species - - - - -	421 781	161 964	73 224	28 118	5 993	2 301	8
In pursuance of the Coinage Laws of 1830 and 1835.							
Pieces of 1 species, 4 rot. and 2 rot. rmt. - - - - -	- - -	- - -	9,665 339	7,249 004	8,869 719	6,652 289	9
„ 1/4 species and 1 rot. rmt. - - - - -	- - -	- - -	258 452	193 581	410 391	307 383	10
„ 1/8 species and 50 ore rmt. - - - - -	- - -	- - -	1,424 865	1,065 799	441 680	330 377	11
„ 1/6 species and 25 ore rmt. - - - - -	- - -	- - -	2,195 297	1,643 203	1,862 507	1,394 086	12
„ 1/32 species and 12 1/2 ore rmt. - - - - -	- - -	- - -	63 969	47 913	9 771	7 318	13
„ 10 ore rmt. - - - - -	- - -	- - -	218 733	163 393	448 509	335 036	14
RUSSIAN COINS - - - - -	- - -	- - -	2,642 686	2,304 423	- - -	- - -	15
TOTALS - - -	1,464 691	821 880	18,419 312	14,290 488	12,069 313	9,043 898	

Kongl. Myntet i Stockholm d. 22 Juni 1881.

NOTE.—For Norway, see page 149.

(H.)
S W E D E N.

Presented by Dr. *Forssell* (page 125).

at the Mint in *Stockholm* between 1857 and 1880.

to the *Stockholm* Mint, 1857—1880.

1877.		1879.		TOTALS.	
Gross.	Pure.	Gross.	Pure.	Gross.	Pure.
<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>
1 - - -	- - -	- - -	- - -	22 894	20 605
2 - - -	- - -	- - -	- - -	0 695	0 678
3 15 953	14 621	- - -	- - -	15 953	14 621
4 - - -	- - -	0 137	0 126	0 137	0 126
15 953	14 621	0 137	0 126	39 679	36 030

to the *Stockholm* Mint, 1857—1880.

1877.		1878.		1880.		TOTALS.	
Gross.	Pure.	Gross.	Pure.	Gross.	Pure.	Gross.	Pure.
<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>	<i>Kil. gr.</i>
5 - - -	- - -	356 205	312 748	- - -	- - -	2,016 067	1,770 782
6 - - -	- - -	- - -	- - -	- - -	- - -	881 761	611 061
7 - - -	- - -	- - -	- - -	- - -	- - -	398 777	200 983
8 - - -	- - -	- - -	- - -	- - -	- - -	500 998	192 383
9 3,943 117	2,957 336	1,275 227	956 420	3,061 752	2,296 314	26,815 154	20,111 363
10 317 324	237 675	- - -	- - -	1,116 963	836 605	2,103 130	1,575 244
11 1,484 668	1,110 532	- - -	- - -	1,388 557	1,038 641	4,739 770	3,545 349
12 2,480 556	1,856 696	414 190	310 021	5,332 030	3,991 024	12,284 580	9,195 030
13 24 373	18 255	- - -	- - -	- - -	- - -	98 113	73 486
14 859 087	641 737	- - -	- - -	- - -	- - -	1,526 329	1,140 166
15 - - -	- - -	- - -	- - -	- - -	- - -	2,642 686	2,304 423
9,109 125	6,822 231	2,045 622	1,579 189	10,899 302	8,162 584	54,007 365	40,720 270

E. Brusewitz.

NOTE.—For Norway, see page 149.

Appendix.
Section IV.

SECTION IV.

INFORMATION with regard to (I.) the use of the Precious Metals in the Industrial Arts, and (II.) the Repression of Counterfeit Coining (*Faux Monnayage*) ; being Answers furnished in reply to the Questions proposed by Mr. *Lardy* at the Fourth Sitting (page 30).

(A.)

AUSTRIA-HUNGARY.

Presented by Count *von Kuefstein* (page 103).

The Use of the PRECIOUS METALS in the INDUSTRIAL ARTS.

THE Table hereto annexed gives the weight and the value of the precious metals employed in Austria, from 1867 to 1880, inclusive, for the manufacture of different articles in gold and silver, and of gold and silver thread. This Table is based upon official figures from the Stamp Office, whose mark guarantees the fineness of the gold and silver used in such articles.

It is necessary to add that, in addition, a considerable quantity of precious metal enters into the manufacture of various objects in compositions lower in standard than $\frac{250}{1000}$ fine. Such compositions are considered, under the law, as imitations, and are not required to be stamped. Their importance as affecting this question cannot therefore be ascertained.

Much fine gold and silver is also used in gilding, silvering, enamelling, plating of mirrors, &c. But it has not been possible to obtain any information approaching to accuracy upon the quantities of these metals so used, and especially as the persons in those trades make use chiefly for that purpose of coins, ducats or silver florins.

TABLE of PRECIOUS METALS used in *Austria*, from 1867 to 1880, inclusive, in the making of various Articles of Gold and Silver, and the Manufacture of Gold and Silver Thread.

DESCRIPTION.	Total Amount of Precious Metals, from 1867 to 1880.		Yearly Average.	
	Kilograms of Fine Metal.	Value in Florins.	Kilograms of Fine Metal.	Value in Florins.
GOLD :				
Various articles - - -	19,540 078	27,258,409 „	1,395 719	1,947,029 „
Thread - - - -	829 977	1,157,817 „	59 284	82,701 „
TOTAL - - -	20,370 055	28,416,226 „	1,455 004	2,029,730 „
SILVER :				
Various articles - - -	290,712 757	20,164,148 „	20,765 196	1,868,867 64
Gilt Thread - - -	50,220 488	4,519,843 92	3,587 177	322,845 99
Silver Thread - - -	13,904 535	1,251,408 15	993 181	89,386 20
TOTAL - - -	354,837 780	31,935,400 „	25,345 554	2,281,100 „

SUPPRESSION OF COUNTERFEITING.

The suppression of coin-counterfeiting might certainly be greatly aided, in the first place, by the establishing of uniform principles in the legislation of all States, and then by an understanding between the different Governments, with the object of mutually assisting each other in the pursuit of criminals and in the adoption of repressive measures.

As to the first point, it would seem desirable that the counterfeiting of foreign money should everywhere be placed upon the same footing as the counterfeiting of the natural coins, and that the culprits should be tried and punished by the State in which they shall have been arrested, unless extradited to the Government of their own country or to the State in which the criminal act shall have been committed.

These principles have been incorporated by the Imperial and Royal Government in the draft of a new criminal code which has been submitted to the deliberations of the Austrian Parliament (Reichsrath).

It is also desirable that counterfeiting and criminal actions of like character should be included in all treaties of extradition.

Concerning the second point, it is of the first importance for the successful prosecution of crimes and offences connected with counterfeiting, and the participation in such unlawful acts, that the evidence required by a foreign government should be furnished with the utmost promptness, especially when a government prosecutes the falsification of foreign coins and sends these to the government whose effigy has been counterfeited to obtain an official authentication thereof.

Experience has shown that delays in the return of answers to such requests for facts have frequently led to serious troubles, and have exerted a most unfortunate influence upon the course of the legal proceedings, inasmuch as they easily give rise to the supposition that the State which should be considered most directly interested, really attaches but slight importance to whether the counterfeiting of its coins is punished in foreign lands or not.

Lastly, it would remain to be inquired into whether other arrangements, rather in the nature of police regulations, might not be advantageously adopted between governments with a view to the suppression of the crime of counterfeiting.

(B.)

FRANCE.

RESPONSE OF THE FRENCH GOVERNMENT to the QUESTIONS formulated by Mr. Lardy,
Delegate of Switzerland, in the Session of 10 May (page 30).

Presented by Mr. Cernuschi (page 119).

1st. WHAT is the importance of the industrial use of the precious metals, and notably, of gold?

Independently of coinage, gold and silver are employed in manufactures for the following purposes :—

Watchmaking.
Jewellery and trinkets.
Electro-plating.
Photography.
Decoration.

Furniture.
Tissues.
Sculpture.
Arms.

Of all these uses, the only ones with regard to which the Government has information, are those connected with watchmaking, jewellery, and trinkets. The consumption

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consumption of gold and silver in these industries is considered to be most important of all.

The amount of gold employed for these purposes annually is estimated at - - - - -	Kilograms. 14,000	Francs. —
It may be assumed that the average of this metal is .740 fine, or worth, in round numbers - - - - -	- - - - -	35,600,000
It is admitted that a large proportion of the metal which is manufactured escapes registration through fraud,—one-third, one-fourth, or one-fifth? Say one-fifth - - - - -	Kilos. 2,800	7,100,000
The coinage of medals absorbs about - - - - -	100	—
At .916 fine - - - - -	- - - - -	314,000
TOTAL - - - - -		43,014,000

The preceding figures have been established by the official statements of the manufacture; and they have, therefore, great statistical value.

The amounts of silver employed in manufacturing for the same purposes are respectively—

Watchmaking, 80,000 kilog., at an average .940 fine - - -	Francs. 16,585,600
Manufacture of medals, 2,379 kilog., at an average of .950 fine	442,120
17,027,270*	

In gold - - - - -	Francs. 43,014,000
In silver - - - - -	17,027,720
60,041,720	

or, in round numbers, 60 million francs.

2nd. Is it possible better to insure the repression of counterfeit coining?

In France counterfeit coining is generally limited to the melting, stamping, and furring of silver pieces, and offers no serious dangers. These imitations are almost always crude, and are easily detected by reason of the blurred look of the engraving, of the imperfect edges, the lack of ring to the metal, and especially of their lightness. This latter circumstance of itself is enough to insure the detection of false coins and to arrest their issue.

It is probable that, on account of the ease with which the work can be done by a man working alone, and with any simple machinery, this kind of counterfeiting, which has always been practised, will continue to show itself in spite of all precautions.

On the contrary, the counterfeiting of gold pieces by using alloyed platina, which is resorted to especially in Spain, is really a cause of alarm; the density of alloyed platina approaches that of gold. Beside this, the counterfeiters have at their disposition material perfectly adapted either for reproducing the imprint, or for the milling of the edges.

Another kind of fraud, which of late has acquired a certain importance, consists in washing gold coins in acids. This operation can be carried so far as to remove from a 20-franc piece as much as a gramme of its weight, without producing an alteration in the imprint which is obvious to the naked eye.

As far as the counterfeiting with platina is concerned, a plan has been suggested of having this metal subjected to registration, so that its uses can be known, and its movements followed. This measure would be the more efficacious according as it should be adopted by a greater number of States. As for washing in acids, the use of the scales appears to be a good defence, coupled with the right given to the public to cut or deface, on its own responsibility, pieces which have been reduced in weight.

* Value calculated at the old legal ratio of 15½ to 1.

2.—STATEMENT of GOLD and SILVER delivered to the Trade by the CHIEF REFINING ESTABLISHMENT of *Paris*.

Presented by Mr. *Dumas* (page 126).

	Pure Silver.	Alloyed Silver at '500.	Nitrate at '685.	Gold at 1,000.	Alloyed Gold at '766.	Chloride at '647.
	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>
1872 - - - -	13,500	1,109	4,713	424	74	4
1873 - - - -	16,000	3,195	5,580	445	82	8
1874 - - - -	17,800	6,200	6,868	455	81	13
1875 - - - -	20,529	6,167	6,800	470	71	25
1876 - - - -	18,000	7,140	5,345	407	64	16
1877 - - - -	15,700	10,900	5,200	343	56	10
1878 - - - -	18,252	8,258	5,609	371	63	13
1879 - - - -	17,190	7,963	5,400	349	57	15
1880 - - - -	19,578	6,000	5,900	380	55	16
TOTAL - - -	156,549	56,932	51,415	3,644	603	120
Net Annual Average at 1,000 - - - -	17,394	3,163	3,627	405	51.300	8.600

THE Consumption to be inferred from this Table, if we admit that the other Refiners in *Paris* represent a Trade half as great as that of this House, may be Estimated at—

	Galvanized Plate and Inlaid Work.	Wire for Braid, &c.	Silver for Photo- graphers.	Galvanized Gilding.	Mercury Gilding.	Gold for Photo- graphers.
	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>	<i>Kilos.</i>
C. L. A. - - -	17,394	3,163	3,627	405	51 300	8 600
Other houses 50 % -	8,697	1,581	1,813	202	25 700	4 400
TOTAL - - -	26,091	4,744	5,440	607	77 000	13 000

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(C.)

G R E A T B R I T A I N .

Presented by Mr. *Fremantle* (page 110).

REPLY to the QUESTIONS of Mr. *Lardy*, Delegate of Switzerland.

It is very difficult to form an estimate of the amount of the precious metals annually used in the United Kingdom in the arts and in industry. The Report of the Select Committee of the House of Commons, on Depreciation of Silver (1876), estimates the amount of silver thus absorbed at 600,000*l.*

The amount of gold thus absorbed has been estimated at between 250,000*l.*, and 500,000*l.* a year, which includes the amount sold by bullion merchants to manufacturers at Birmingham and elsewhere, and also sovereigns taken from circulation by persons using small quantities of gold.

Counterfeit coining is not extensively practised in the United Kingdom, and every effort is made to repress it.

The average number of prosecutions for making or issuing counterfeit coin during the last five years (from 1876 to 1880) has been 182, and the average number of persons convicted 209.

(D.)

N O R W A Y .

Presented by Dr. *Broch* (page 103).

NOTE on the Industrial Use of the Precious Metals in *Norway*.

IN response to the question propounded by the honourable Delegate of Switzerland, Mr. *Lardy*, in the Session of 10th May 1881, I have the honour to present to the Conference the following table on the use of gold and silver in manufactures in Norway, with the exception of the consumption in photography. The silver that is used comes in the form of silver ingots; silver utensils melted and worked anew into utensils, or jewels are not included. The gold comes almost invariably in the form of domestic or foreign gold coins. Silver or gold jewels imported from abroad are not included.

INDUSTRIAL USE OF SILVER AND OF GOLD.

YEARS.						Fine Silver.	Fine Gold.
						<i>Kilog.</i>	<i>Kilog.</i>
1870	-	-	-	-	-	1,400	20
1871	-	-	-	-	-	1,340	18
1872	-	-	-	-	-	1,580	21
1873	-	-	-	-	-	1,940	20
1874	-	-	-	-	-	1,440	28
1875	-	-	-	-	-	2,200	29
1876	-	-	-	-	-	1,700	24
1877	-	-	-	-	-	1,680	22
1878	-	-	-	-	-	1,400	21
1879	-	-	-	-	-	1,480	19
1880	-	-	-	-	-	1,470	20
YEARLY AVERAGE - -						1,694	22

(E.)

S W E D E N.

Presented by Dr. *Forssell* (page 125.)

(1.) GOLD ARTICLES Manufactured in or Imported into *Sweden*, according to the Tables of the Board of Registration.

YEARS.	Manufactured at Stockholm. Gold.	Imported into Stockholm from Abroad. Gold.	Manufactured outside of Stockholm. Gold.	Manufactured and Imported Totals. Gold.
	<i>Kilog.</i>	<i>Kilog.</i>	<i>Kilog.</i>	<i>Kilog.</i>
1848 . . .	48·806	0·385	52·210	101·401
1849 . . .	47·446	3·768	52·318	103·532
1850 . . .	43·877	3·131	52·809	99·817
1851 . . .	43·661	8·459	53·924	106·034
1852 . . .	42·411	11·706	53·133	107·250
1853 . . .	41·485	4·859	54·980	101·324
1854 . . .	52·375	21·873	71·433	145·681
1855 . . .	53·207	26·479	78·659	158·345
1856 . . .	57·050	27·460	93·683	178·193
1857 . . .	55·820	9·489	88·813	154·122
1858 . . .	48·577	6·122	83·158	137·857
1859 . . .	52·804	14·684	96·388	163·876
1860 . . .	55·416	11·896	101·847	169·159
1861 . . .	50·893	16·427	114·078	181·398
1862 . . .	48·667	9·941	111·958	170·566
1863 . . .	50·292	4·123	113·959	168·374
1864 . . .	44·201	8·458	108·837	161·496
1865 . . .	42·239	12·083	110·673	164·995
1866 . . .	40·822	5·776	102·812	148·810
1867 . . .	31·601	11·730	88·559	131·890
1868 . . .	29·010	8·430	85·884	123·324
1869 . . .	32·378	5·306	103·544	141·228
1870 . . .	33·379	6·949	108·104	148·432
1871 . . .	40·092	22·313	131·784	194·189
1872 . . .	51·975	25·194	165·679	240·848
1873 . . .	68·632	34·893	196·824	300·349
1874 . . .	91·749	63·491	226·610	381·850
1875 . . .	92·651	33·671	218·403	344·725
1876 . . .	79·099	44·637	222·224	345·960
1877 . . .	77·460	26·651	218·592	322·703
1878 . . .	61·864	20·221	182·596	264·681
1879 . . .	55·026	22·789	161·974	239·789
1880 . . .	65·544	43·759	188·710	303·013

Stockholm, le 2 Juillet 1881.

B. Lindman.

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(2.) SILVER ARTICLES Manufactured or Imported into *Sweden*, 1848—1880, according to the Tables of the Board of Registration.

YEARS.	Manufactured at Stockholm. — Silver.	Imported into Stockholm from Abroad. — Silver.	Manufactured outside of Stockholm. — Silver.	Manufactured and Imported, Totals. — Silver.
	<i>Kilog.</i>	<i>Kilog.</i>	<i>Kilog.</i>	<i>Kilog.</i>
1848 - - -	2,211·452	19·947	2,187·621	4,419·020
1849 - - -	2,201·705	17·533	2,266·409	4,485·697
1850 - - -	2,163·671	18·831	2,195·588	4,378·090
1851 - - -	2,199·155	44·515	2,228·550	4,472·220
1852 - - -	1,985·519	25·471	2,292·292	4,303·282
1853 - - -	1,630·721	18·599	2,282·186	3,935·506
1854 - - -	1,975·320	73·996	2,768·372	4,817·988
1855 - - -	2,120·333	109·042	3,300·812	5,530·192
1856 - - -	2,379·703	86·108	3,778·563	6,244·434
1857 - - -	2,388·541	69·640	3,256·293	5,714·474
1858 - - -	1,644·202	39·181	2,473·781	4,157·164
1859 - - -	1,961·333	96·645	2,752·406	4,810·384
1860 - - -	1,854·437	25·462	2,835·848	4,715·747
1861 - - -	1,643·615	56·346	2,930·832	4,630·993
1862 - - -	1,392·355	31·391	2,722·970	4,146·916
1863 - - -	1,392·721	26·584	2,502·831	3,922·136
1864 - - -	1,339·209	44·179	2,064·656	3,448·044
1865 - - -	1,209·083	51·714	1,966·089	3,226·886
1866 - - -	976·931	16·983	1,800·179	2,794·093
1867 - - -	648·044	33·227	1,463·631	2,144·902
1868 - - -	446·849	62·156	1,376·775	1,885·780
1869 - - -	711·161	46·627	1,314·320	2,072·108
1870 - - -	742·139	82·097	1,495·613	2,319·849
1871 - - -	887·974	184·671	1,643·963	2,716·608
1872 - - -	889·262	216·678	2,002·619	3,108·559
1873 - - -	992·129	307·402	2,146·170	3,445·701
1874 - - -	1,178·827	590·657	2,331·627	4,101·111
1875 - - -	956·801	438·504	2,105·907	3,500·712
1876 - - -	880·553	352·257	1,943·765	3,176·575
1877 - - -	721·261	354·080	1,737·284	2,812·625
1878 - - -	567·069	270·670	1,362·160	2,199·899
1879 - - -	515·495	257·027	1,049·917	1,822·439
1880 - - -	704·935	313·752	1,081·617	2,100·304

Stockholm, le 2 Juillet 1881.

B. Lindman,

(F.)

S W I T Z E R L A N D.

NOTES on the Industrial Consumption of the PRECIOUS METALS, and especially of GOLD
in the *Swiss* Confederation.

Presented by Mr. Lardy (page 125).

UNTIL the present year Switzerland has had no uniform law for the registration of the use of gold and silver in manufactures. The absence of obligatory registration of articles, into the formation of which the precious metals enter, renders it difficult to obtain information concerning their use. The following is a *résumé* of information gathered from the Cantonal authorities, and from the banking houses, which have been consulted in view of their special competence:—

I. *Geneva*.—There are in this city large refining establishments, and the bankers there provide the manufacturers with considerable quantities of coined metal.

One of the principal establishments delivered, in 1880, 7,573 kilograms of gold, of which 7,000 were intended for Switzerland, but this gold contained every degree of alloy; on the other hand, this establishment brought back from the manufacturers about 3,000 kilograms of remnants and waste, belonging to Switzerland; there remain, therefore (7,000–3,000), 4,000 kilograms as the total rate of this establishment in Switzerland. This same refinery gives 3,000 kilograms as an estimate of the production of its competitors; admitting that it has not given figures which are too low, the industrial consumption of gold at Geneva would reach the sum of 7,000 kilograms; but a higher figure, varying between 7,000 and 8,000 kilograms, is generally conceded to be correct. This would represent a value of about 21 million francs.

One of the principal banking houses of Geneva estimates, at two million francs per year, the consumption of napoleons directly melted down by the manufacturers, at two million francs the purchases of gold and silver bullion by manufacturers, together with the specie delivered by the bankers (Turkish livres, sovereigns, &c.), and at two millions the jewelry melted down and importations from other sources.

It is, therefore, necessary to add six millions (2+2+2) to the above total of 21 million francs, so that the industries of Geneva alone appear to absorb 27 millions of francs yearly. It is proper to observe, however, that there is to a certain extent a double use, arising from the fact that Geneva sends gold to the manufacturers of Neuchâtel. Notice will be taken of this at the end of Section II.

II. *Neuchâtel*.—According to a communication of Dr. Hirsch, the learned Director of the Observatory of Neuchâtel, and Secretary of the International Committee of Weights and Measures, the maximum of gold employed yearly in all watchmaking industry in Switzerland should be placed at 15 million francs, and the maximum consumption of the whole world for the same purpose at 30 million francs. At Neuchâtel the invariable habit of the watchmakers is to confine themselves to melting down coined money. A result of this practice has been that Switzerland has suffered under peculiar monetary difficulties, and she was forced, about 1860, to reduce the fineness of her silver coin to .800.

According to the indications given by Mr. Comtesse, Councillor of State, and Chief of the Interior Department, under whose direction the Offices of Registration in Neuchâtel were placed, one-half at least of the gold and silver watches are not reported at the office; as for those which are reported, they vary indefinitely in their fineness, from 2 to 18 carats, without, however, being subject to any ascertainment of these differences, each article being taxed by the piece, and not by weight or by value.

Making use of the indications given by the Offices of Registration, and of the estimates made by the principal bankers, the Department of the Interior of the State of Neuchâtel feels itself justified in presenting the following figures as an approximation:—

Neuchâtel, City.—Gold, 60,000 francs; silver, 300,000 francs.

Fleurier.—Gold, 800,000 francs; silver, 200,000 francs.

Locle and Chaux-de-Fonds.—Gold 14 or 15 million francs; and silver, two to three million francs.

The Canton of Neuchâtel, according to this, would absorb annually 15 to 16 million francs of gold, and 2½ to 3 millions of silver.

According to the estimates given by the various important banking houses of Neuchâtel and Chaux-de-Fonds, there would be ground for cutting down these figures to 12 millions for gold, and to two millions for silver, inasmuch as a part of the metal comes from Geneva and has already been included in preceding calculations relating to that Canton.

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III. *Other Parts of Switzerland.*—It has been impossible to obtain precise data concerning the consumption of gold in the other Swiss Cantons. It must be unimportant compared with Geneva and Neuchatel; the watchmaking industry in the Bernese Jura produces but few gold watches.

IV. *Résumé.*—At Geneva the industrial consumption of gold appears to be 27 million francs, and at Neuchatel 16 millions, from which there is good ground for deducting three or four millions, as being counted twice over. We then arrive at a total of about (27 and 12) 39 millions of francs for Geneva and Neuchatel; and it appears, therefore, that we can consider the round number of 40 million francs as representing, without exaggeration, the industrial consumption of gold in the Swiss Confederation.

At the same time, in the absence of authentic information, the above figures are only given with all reservations.

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SECTION V.

VIEWS of the BANKS of ISSUE in various Countries on the Monetary Question; being Communications received in reply to the Resolution passed by the Conference at its Eighth Sitting (page 100).

(A.)

LETTER from the Governor of the NATIONAL BANK of BELGIUM to the Finance Minister at *Brussels*.

Presented by Mr. *Pirmez* (page 104).

Sir,

Brussels, 29 June 1881.

You have done us the honour of requesting the views of the Bank on the question of the Single or Double Monetary Standard.

We do not suppose that it was your idea that we should enter into a profound examination of the vast question of metallic circulation, a question which has been further widened by the manifold considerations which have been, in our view unwisely, complicated with it. A volume would be necessary to do justice to the errors, so varied in their nature, which have been put forth, and, let us admit, defended, with passion and with talent, in the numerous debates, treatises, and polemical writings which have been produced on the subject of bi- and mono-metallisms.

It seems, therefore, that everything has been said already, and that the only work which can now be usefully undertaken is to put side by side the various arguments presented in turn for and against the double and the single standard, and in a manner to institute a comparison between them. The recent discussion in the Monetary Conference, which is still in Session, will singularly facilitate this task.

We think that we can the sooner respond to your idea by contenting ourselves with recalling that, on various occasions, the Bank has had reason to make known its views on the question of the monetary standard, and to communicate them to your department, notably in its letter of 28th August 1873, when, on being consulted by the Finance Minister of that day concerning the measures to be taken to parry the effects of the depreciation of silver, it declared that in "regard to the principle of monetary organisation the unanimous opinion of the Bank Council was in favour of the single standard."

This opinion to which, with unanimity among the members which composed its board of directors, the Bank gave expression, in 1873, is still its opinion; the events which have occurred since then, and of which the letter just mentioned expressed an anticipation, outlined with some clearness, far from having shaken its way of looking at the matter, have only confirmed it. We remain, therefore, and are convinced partisans of unity of standard.

We think that the simultaneous use of two different and variable units, in order to measure all values, is an attack upon logic and upon good sense.

We think that fixity, which ought to be the *desideratum* to be aimed at in the choice of a measure of all objects, is more surely to be attained with one metal than with two metals, to establish the invariability of which the law is impotent.

We think that money is nothing but a commodity which requires the intervention of the State merely that it may certify and guarantee its weight and fineness, and that it is, therefore, impossible to prevent variations of the relative value of the two metals.

Permit us, Sir, in closing, to call your attention to the fact, that we have, perhaps, a certain merit in defending this opinion, inasmuch as the opposite view might prove favourable to the present interests of the establishment which we have the honour to direct,

direct, and as the considerations which guide us, our solicitude for the general interest and weal of the country, outweigh the desire, legitimate as it appears to us, to increase the profits of the Bank.

It is, perhaps, unnecessary to remind you that speculations in the metals are expressly allowed to the Bank, and that it is better situated than any other establishment, to be enabled to profit by any such variation in the ratio of the two metals, of which the past offers us numerous examples. Nothing, therefore, would be more easy, nor more profitable, for the Bank than to substitute one metal for the other in the circulation, according as it should find it to its advantage to do so. If the Bank is willing to close this source of a profit, which is certain, and which implies no risk whatever, it is because it is convinced that these benefits would be realised to the detriment of the trade and manufactures of the country, for in its relations with foreign countries trade would have to suffer losses of exchange which would diminish its profits and paralyse its activity.

Accept, Sir, the assurance of our profound consideration.

(signed) *Pirson*, Governor.
Weber, Director
(Acting as Secretary).

To the Minister of Finance.

(B.)

LETTER from the Governor of the Bank of England to Lord *Frederick Cavendish*, M.P.,
Secretary of the Treasury.

Presented by Mr. *Fremantle* (page 122).

My Lord,

Bank of England, 30 June 1881.

WE have to acknowledge the receipt of your letter of the 27th June, in which, by desire of the Lords Commissioners of Her Majesty's Treasury, you inform us that Mr. Fremantle has formally submitted to their Lordships the following resolution which has been adopted by the International Monetary Conference assembled at Paris:—

“La Conférence exprime le désir que les Gouvernements des différents États
“représentés dans son sein veuillent bien demander l'avis des principales banques
“d'émission de chaque pays sur la question monétaire et lui donner communication
“de leurs réponses.”

Having laid your letter before the Court, we have to inform you that it was felt that “the monetary question” discussed at the Conference, being one partly of abstract science and partly of political application, did not form a legitimate subject for their discussion, or for the delivery of the judgment of the Bank in its corporate capacity.

Under these circumstances, we have to express our regret at our inability to comply with the request of the Conference by placing on record the opinion of the Bank of England in the sense which was apparently present to the minds of the members of it when they passed the resolution.

We have, &c.
(signed) *H. R. Grenfell*.
John S. Gilliat.

(C.)

LETTER of the BANK of the NETHERLANDS on the MONETARY SITUATION.

Presented by Mr. *Pierson* (page 103).

To His Excellency the Minister of Finance at the *Hague*.

Sir,

Amsterdam, 22 June 1881.

WE have had the honour to receive the letter of your Excellency, under date of the 11th of June last, desiring our opinion upon the monetary question, in view of the International Conference at Paris, of which the Sessions are to recommence on the 30th instant.

The following are the observations which we take the liberty of making upon the subject. It may be assumed that the monetary situation at the present time is to be taken as the point of departure, without the necessity of stopping to describe it.

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It is important, however, to note its attendant disadvantages.

Of these, there are two.

In the first place the situation is peculiarly trying to those States which, like our own, have chosen gold for a standard, while permitting, at the same time, the circulation of a large quantity of silver, the legal value of which, at present, is higher than its intrinsic worth. If these countries wish to settle their monetary systems, they would be obliged to demonetise the larger part of these silver coins, which would involve a heavy expense; if not, they will always remain exposed to a great danger, viz., the possibility of the depreciation of their monetary unit.

It is evident that gold alone has peculiar advantages for export; therefore, if the rate of exchange rises above par, it is probable that those who hold gold specie will profit by the occasion to sell it at a premium. And from the moment that gold commands a premium, the monetary unit has lost a part of its value.

It is true that banks like our own, which are the source first drawn upon when gold is required for export, may do something to remedy this ill; but, in the long run, they are unable to check it.

In the second place, the present situation is not only full of dangers for certain countries, it is also injurious to all, no matter what may be their monetary system. These harmful effects are already apparent, and it is probable that they will go on increasing. They consist chiefly in this, that the value of each of the two metals and the rates of exchange between countries with different standards, have become more variable.

It is impossible to predict the future value either of gold or of silver. Nevertheless, if the facts which have been observed for some years past continue to prevail, that is to say, if the production of gold goes on diminishing while that of silver increases, it is probable that the latter will fall in value and that gold will become dearer. This tendency may be assisted by legislative measures undertaken by different States; for, let it be carefully noted, all the silver pieces now circulating in those countries having the "limping" standard (*étalon boiteux*) are actually doing the duty of gold coins. As soon as they were replaced by the latter, and an attempt were made to sell them in the shape of bullion, the tendency of silver to fall and of gold to rise in value would be very considerably augmented.

It would become still more marked if paper money should be superseded in the same manner in those countries where notes now circulate.

Let the discussion be continued as to which of the two evils is the lesser, that of a rise or that of a fall in the value of money; it is clear that both are evils. We may add that no country can remain free from them.

A distinction is sometimes drawn between countries having a favourable and those having an adverse balance of trade. This distinction is applied to those of the gold standard when it is asserted that certain countries will have more difficulty than others in procuring and retaining a sufficient quantity of this metal. Nothing can be more erroneous. The balance of trade tends to distribute all articles, including the precious metals, over the different countries according to their several needs. Doubtless the relative values of these articles will not be everywhere the same; but that does not prevent prices in a given country from being permanently influenced by those in other countries, while differing at the same time from them. Let us suppose that a more extended use is made of gold, and that its production diminishes, by reason of which gold becomes rarer relatively to the demand; in this case the normal relation between the general condition of the prices of everything in the different countries would not cease to exist. Quite the contrary, there would be a fall everywhere, although at first very irregular and unequal.

As to the unsteadiness in rates of exchange, this is an evil from which no country will be able to escape, and of which England and British India have already experienced the unfavourable consequences. It may be true that commerce pays but little heed to whether exchange rates are high or low; but great unsteadiness in them is always prejudicial to trade. Funded debts and investments must also not be forgotten.

We have thus pointed out the evils of the present situation. In our opinion there is but one efficacious remedy, and that is the establishment of the system of the double standard, with an uniform ratio between the two metals, over a great extent of territory.

It is surprising that so many intelligent men refuse to admit this truth. We are told that such a measure might alter the relative production of gold and silver. We do not deny it, but what would be the result? A change in the relative quantities of these metals, no doubt; but this does not imply that their relative value would likewise change. On the contrary, the law of supply and demand would prevent such from being the case. Those who oppose the adoption of the bimetallic system on the plan indicated do not appear to recognise that gold and silver conjointly will be far more stable than when performing their functions separately.

Against this project our opponents are pleased to appeal to the lessons of history. They forget that the system of the double standard, with uniform ratio between the two metals, has never yet been applied to an area of sufficient extent. They forget, further, the real services which this system has already rendered, even although acting within far too narrow limits.

So long as everyone could get for a kilogram of coined gold $15\frac{1}{2}$ kilograms of coined silver, and *vice versa*, it would be impossible for the relation of value between gold and silver in the shape of bullion to differ much from the legal ratio established for the coins.

Before

Before such difference could show itself it would be necessary, either that nearly the whole amount of the coins of one of the metals should be exported from the territory of the double standard, or that such coins should there command a premium by reason of being used as the money of commerce. Neither the one nor the other hypothesis is probable.

The total amount of gold or of silver would only be exported provided the exported metal could command, in the foreign country, a relative value higher than that which the law gave it in the countries where the double standard prevailed; but it is clear that this would be impossible if these latter countries were very numerous.

As to the danger that one of the metals would be at a premium, we find great difficulty in admitting this. It is very true that, in former ages, when the monetary systems of nearly all the States of Europe were in a condition of the utmost disorder, it often happened that contracts were made in a given coin, the value of which inspired greater confidence than that of the current money of the country. Among uncivilised peoples the same thing may be observed to-day; but wherever the monetary system is well organised, the currency of the country is properly considered the most stable measure of value, and nothing is gained by the use of a trade coin which one cannot say will pass later for the amount at which one took it.

Furthermore, it is possible to remove the danger which is feared, by imposing upon banks of issue the obligation to treat the coins of the two metals upon the same footing. Since the use made of the bank note in all civilised countries is very extended, it will, therefore, be almost equally impossible that one of the metals should rise to a premium, or that it should be wholly exported.

The necessary conditions for the regular working of the double standard may be gathered from what has been stated above. All depends upon the extent of territory over which this system shall be established; and this is the point which we cannot sufficiently emphasize. As it is possible that after a time certain of the bimetallic States might change their system, it is even important that the arrangement should not be adopted until the territory, in which the system shall be put in operation, shall be much greater in extent than would be necessary to make the success of the measure assured.

For, unless this territory preserves its requisite dimensions, the system of the double standard will operate as an alternative standard; and, in the present circumstances, it is silver, and not gold, that will remain. Not that silver seems to us less fit than gold to perform the functions of money; it has more bulk, we admit; but the consequent disadvantage is of the smallest importance so far as carriage is concerned, and, for the uses of circulation, the difficulty is entirely removed by replacing the silver with bank notes. We might even add that it is easier to regulate the fractional coinage when the monetary system is based upon silver than when it rests upon gold alone. But if the world is to remain divided between countries having the gold standard and countries having the silver standard, it would be desirable that each of these groups should form a coherent territory. Let us suppose a small State, a member of a monetary union, the efforts of which to maintain the system of the double standard had failed, and that this little country, by reason of that fact, had fallen into the system of the silver standard; being surrounded with countries using only gold, the position of the little State, as may be readily understood, would not be enviable. Such is the danger which we desire to point out, and which must be avoided. For these reasons we are of the opinion that the Netherlands should make their concurrence in the adoption of the bimetallic system depend upon the extent of territory which should be secured for it.

We take this occasion to convey to your Excellency the assurance of our high consideration.

(signed) *Mees*, President.
Quack, Secretary.

(D.)

VIEWS of the SWEDISH BANKS of ISSUE on the MONETARY QUESTION.

Presented by Mr. *Forssell* (page 134).

THE Swedish Government, conformably to the desire expressed by the Monetary Conference, having requested from the banks of issue in Sweden their opinion upon the monetary question, the following named banks have given their views concerning the propositions formulated in the *questionnaire* of the Conference, viz. :

1. Stockholms Enskilda Bank.	8. Göteborgs Enskilda Bank.
2. Smålands - - ditto.	9. Norrköpings - - ditto.
3. Örebro - - ditto.	10. Hallands - - - ditto.
4. Sundsvalls - ditto.	11. Wenersborgs - ditto.
5. Skaraborgs - ditto.	12. Bohus läns - - ditto.
6. Gotlands - - ditto.	13. Oscarshamns - ditto.
7. Skånes - - - ditto.	

These banks are all of the opinion that the adoption of the double standard is inadmissible. The answer of the Stockholms Enskilda Bank being the most complete, and summing up all the others, is alone given below in translation.

ANSWERS of the "STOCKHOLMS ENSKILDA BANK" (Director, *A. O. Wallenberg*), to the Questions contained in the *Questionnaire* adopted by the Monetary Conference of 1881.

I.—THE depreciation of silver which affects only contracts and agreements having long periods to run, is in no way injurious to general prosperity.

It is impossible by legislative enactments to fix an invariable ratio between the value of gold and that of silver, for experience has amply shown that the oscillations arise from circumstances entirely independent of any such laws. The question proposed as to whether a stability in the relation between the values of the two metals would be desirable, is therefore stripped of all practical importance.

II.—The depreciation of silver is due to the fact that the production of this metal has been augmented in a much greater degree than that of gold simultaneously with the adoption of the gold standard by an increasing number of States, so that an enlarged production of silver has coincided with a diminished demand for that metal.

We may add that the price of the precious metals has fallen relatively to most other products, and that silver, by reason of its bulk and the cost of carriage, has become too inconvenient for large payments, notably in comparison with bank notes and other instruments of credit circulation, which have more and more come into vogue.

III.—In accordance with our answer to Question I., we are of the opinion that it is impossible, by the means proposed in Question III., to prevent oscillations in the relative values of silver and gold. Every one would prefer to pay in the depreciated metal; as at present with silver, the value of such metal would become unsteady, and the ratio of value fixed by law would be impaired in fact, with a premium on payments in gold.

IV.—1. It is much to be desired that banks of issue should accept ingots of the metal upon which the monetary system of their country is based; cost of coinage, and if need be, of refining, being deducted. But in countries with the double standard and with a fixed ratio between the two metals, this obligation is inadmissible, because the banks in such case would incur the risk of being inundated with the metal which would be, at one time or another, depreciated.

It is evident that it would be absurd to impose upon the Bank of England or upon the Bank of Sweden an obligation to buy ingots of silver at a fixed price.

2. In order to secure the above-mentioned advantage to the public in countries where there are no banks of issue, it is necessary to establish banks of issue in these countries; such banks, when well founded and well managed, always contribute to the economic development and to the prosperity of a country.

3. The mintage of coin for private individuals ought always to be conducted by the State, not gratuitously (for this would lead to abuses of the liberty to have coins struck), but

but at a rate of charge exactly proportioned to the expense of refining and of coinage. It is very desirable that all countries which have the same standard should agree upon a common charge for mintage, as well as upon a common tolerance both for the coinage and for wear. Tokens should be coined exclusively by the State and on its account; they ought not to be included within the stipulations of international treaties.

4. International trade in silver and gold ought everywhere to be free from all restriction.

V.—The term “bimetallism” which lately has replaced that of “double standard” is inexact; it would only become admissible if each piece of money were composed of two metals.

In view of the impossibility, in our view, of fixing a ratio between the values of the two metals, such a ratio could never be determined except for a certain time; at present the ratio is that of 1 to 18, or nearly, but we cannot venture to predict the stability of that relation.

As no proposition has been made to the countries of the Scandinavian Monetary Union that they should abandon their position, so happily assured by the adoption of the gold standard, we have nothing to add to sustain our opinion “that it is necessary to maintain the single gold standard.”

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(A.)

QUESTIONS addressed to the Delegates of *England, India, and Canada*, by
Mr. *Cernuschi* (page 52).

QUESTIONS relating to *England*.

I.—HAD not any Englishman and any person of no matter what nationality a right, till 1874, of converting at Paris into five-franc pieces either his plate or any quantity of silver, and was he not able with the five-franc pieces thus obtained, to buy in France, bills on London payable in gold?

II.—Is it not the fact that the monetary par between Paris and London results from the comparison between the quantity of fine gold existing in the sovereign and in the 20-franc pieces?

III.—Does it not follow that the five-franc silver pieces having forced circulation in France at par with the 20-franc gold pieces, bills on London are just as obtainable with silver francs as with gold francs?

IV.—Does it not follow that any foreigner possessing silver could thus indirectly convert his metal into gold sovereigns at the French rate of $15\frac{1}{2}$; that is to say, $60\frac{1}{4}\frac{1}{2}$ *d.* per ounce, less the expense involved in the operation?

V.—Does it not follow that the value of silver expressed in gold was everywhere, till 1874, determined by the French law, which established the ratio of one to $15\frac{1}{2}$ between the value of the two metals?

VI.—Was not the clause in the Bank Act of 1844, empowering the Bank of England to issue, as representing a certain quantity of silver, bank notes repayable at sight in gold, justified by this fact of silver being always convertible into gold at Paris at the rate of $15\frac{1}{2}$?

VII.—Did not Sir Robert Peel himself declare in the House of Commons on the 20th May 1844, that the silver thus lying at the Bank of England acted exactly as if it were gold?

VIII.—Is it not the fact that the issue of bank notes representing silver ceases to be justifiable from the moment when, by the disappearance of French bimetallism, silver is no longer convertible into gold at Paris at a fixed par?

IX.—Did not Sir Robert Peel acknowledge, in his speech of the 20th May 1844, that it was inconvenient for England to have a monetary metal different from that of other countries?

X.—Would not England be in a very difficult possession if no nation, except herself, allowed forced circulation to gold?

XI.—If

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XI.—If it is convenient that national money should, as regards material, be international money, is not the best money that whose internationality is the most extensive?

XII.—Was not silver till 1816 universal money?

XIII.—Would England's creditors have been injured if, at the time the ounce of silver at London had a fixed value in relation to gold, instead of being paid in gold, they had been paid in silver, especially if silver had been coinable at London as it was at Paris?

XIV.—In other words, if Sir Robert Peel, instead of the limited bimetallism sanctioned by the Bank Act of 1844, had carried a complete bimetallic law as in France, would the holders of contracts previously concluded in gold have suffered any loss?

XV.—Is not the old silver coin of France, Germany, and Holland, still at the par of 15½ with gold?

XVI.—Is it not evident that if England adhered in 1881 to international bimetallism, the creditors in gold would be no more injured than the creditors prior to 1844 would have been, if at that date bimetallism had been established in England?*

XVII.—Did not Sir Isaac Newton, as Master of the London Mint, demonstrate in his Report to the Lords Commissioners of the Treasury, dated 21st September 1717, that if the legal ratio between gold and silver was the same in England and on the Continent, it would no longer be anybody's interest to export or to import one metal rather than the other?

QUESTIONS relating to *India*.

XVIII.—Is it not the fact that the law being gold monometallic in England and silver monometallic in India, English merchants having to send silver to Asia in payment of what they owed, were always forced till 1874, if no silver arrived at London, to apply to the Continent for it?

XIX.—Is it not the fact that generally speaking the silver monometallic States of the Continent were not capable of supplying silver to England, the gold they would have received in payment not having forced circulation with them?

XX.—Is it not the fact that it was to bimetallic France the English had to apply in order to get silver in exchange for their gold, and that they were thus exposed to paying an agio on silver, that is to say, to giving rather more than one kilogramme of gold to procure 15½ kilogrammes of silver? And is it not the fact that if silver arrived at London, and they had no payments to make in India, the English offered rather more than 15½ of silver to France to get one of gold?

XXI.—Is it not the fact that the cost of mintage at Calcutta and Bombay amounts to 2 per cent.; that before the opening of the Suez Canal, the freight for monetary metals between London and Calcutta or Bombay amounted to 2 per cent., and that the voyage being longer, the loss of interest on the metal transported was greater than at present?

XXII.—Supposing India had been gold monometallic like England, would not the limit of oscillation in the exchange have been, with the cost of brokerage, transport, and mintage, between 5 and 6 per cent. below par, and 5 or 6 per cent. above, so that 100 l. to be paid or received in India would have been worth in the London market from about 94 l. to 106 l., according as one of the two countries was more or less the creditor of the other?

XXIII.—Could these oscillations of exchange between 94 and 106 have been avoided, seeing that instead of having a single metal as common money, India is silver monometallic and England gold monometallic?

XXIV.—Had not these oscillations of exchange the effect of making the quotation of silver at London oscillate with relation to gold?

XXV.—Were not the oscillations of the Anglo-Asiatic exchange, and consequently the oscillations in the quotation of silver, from the date of the opening of the Suez Canal until 1874, slighter than they were previously?

XXVI.—Subject to these oscillations and subject to some rare variations due to the dissimilarity of legislation, were not the value of the rupee and the quotation of silver maintained at London till 1874 at 1 s. 10½ d. and at 60½ d.?

XXVII.—Silver not being a monetary metal in England, was it not there merely a metallic remittance which could not remain on the spot without losing interest, but the quotation of which was only subject to the limited oscillations to which all letters of exchange are liable?

XXVIII.—Were

XXVIII.—Were the Calcutta and Bombay bankers able, on selling their bills upon London, to require more rupees than were involved in the French ratio of one to $15\frac{1}{2}$ between the two metals?

XXIX.—Was not the buyer of the bills guaranteed against the exactions of the bankers by the possibility of forwarding the rupees to Paris, where silver was of right worth $15\frac{1}{2}$ compared with gold?

XXX.—Was not the price of the bills on India sold in London by the Indian Government always conformable with the ratio $15\frac{1}{2}$, subject to the oscillations of exchange?

XXXI.—Has not the disappearance of French bimetallism had the effect of making the rupee lose its old value compared with gold?

XXXII.—Has not the disappearance of French bimetallism been disastrous to the Indian Treasury?

XXXIII.—How many rupees has the loss on exchange cost the Indian Treasury from the year 1874 to 1881?

XXXIV.—At how many rupees is estimated the loss by exchange for the year 1881-82.

QUESTION relating to *Canada*.

XXXV.—If the United States adopt in accord with Europe a bimetallic legislation, is it not the interest of Canada to follow the example of the United States?

GENERAL QUESTIONS.

XXXVI.—Is it not sufficient to cite the great fluctuations in the price of silver at London from 1874 as proof that there is no longer any great country where bimetallic legislation is in operation?

XXXVII.—Is it not sufficient, on the contrary, to cite the rates of silver at London during the years prior to 1874, to show that at least in a great country well supplied with gold and silver, the monetary law in force was bimetallic at $15\frac{1}{2}$?

XXXVIII.—Is it not the fact that what is called the market of the precious metals, changes its tone according as monetary legislations change?

XXXIX.—Is it possible to demonstrate that under a decided bimetallic legislation the relative value of the two monetary metals can evade the power of the written law?

XL.—Can it be questioned that if the legislation of a single great country sufficed to maintain for nearly a century the relative value fixed by it between the two metals, the same result will not be still more easily obtained by a legislative accord between several great countries?

XLI.—Considering that the English Government has declared it would refuse to introduce bimetallism into India, considering that one of the conditions of the bimetallic programme consists in postponing *sine die* the introduction of gold money into India, and that consequently on this point both sides are agreed, one asks wherein would consist the co-operation which the English Government still offers for assisting in the re-establishment of the value of silver?

XLII.—Would there be any disadvantage for England, and if so what, if she adopted international bimetallism at the same time as the Continent and the United States?

OBSERVATIONS.

In order to explain clearly questions XIII. and XVI., which are aimed at two objections which are always raised in England against those who proposed to make the coinage of silver as free as that of gold (at the international ratio of 1 to $15\frac{1}{2}$), I reproduce the following passage of an address which I delivered at the Social Science Congress held at Liverpool in October 1876:

“The English sovereign will lose its value, its purchasing power will be impaired, if silver is allowed to circulate as an unlimited legal tender.”

“This objection of the English gold monometallists is unfounded. If silver could really be driven out of circulation the value of gold would increase. If silver had never been in circulation the value of gold would have been, and would be, greater than it is. But silver has always circulated; it has always competed with the value of gold, it still circulates, and the reduction which this rivalry might impose on the value of gold, gold has already fully undergone; it has nothing more to fear. Although silver has not circulated in England, the value of English gold has never escaped the effects of the competition of silver. The proof of this is that English gold has never been, and is not, worth more than French gold, circulating side by side at par with the silver five-franc.

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"With French bimetallism the gold sovereign was worth in silver $15\frac{1}{2}$ times its weight, just the same as the gold franc. The case will be the same under international bimetallism. The circulation of silver in England will therefore strike no blow at the value of the sovereign.

"Breach of faith. The English have stipulated for payment in gold; if they are paid in silver they are aggrieved.' This is a pitiful scruple. They would be aggrieved if a given sum in silver was worth less than the same sum in gold, but they are not if the two sums are exactly equivalent; and international bimetallism makes them equivalent.

"The French creditor has never troubled himself whether he would be paid in gold or silver; he has always been indifferent to the colour of the metal. The English creditor will be so too."

(B.)

QUESTIONS addressed to the BELGIAN DELEGATES by M. *Cernuschi* (page 58).

I.—If it is said that the monetary metals are merchandise, and if the power of legislation as regards the value of money is denied, how account for English legislation keeping in circulation about two million kilogrammes of silver at a nominal value much superior to their value as metal in the market?

II.—If it is true that the silver shilling is merely a national counter of limited paying power, issued by the State in limited quantity, is it not true that the gold sovereign of unlimited paying power, issued by nature in limited quantity, and convertible into foreign money if gold is mintable abroad, is itself merely an international counter; and that if the small value of the merchandise silver stands for nothing in the value of the shilling, the small value of the merchandise gold stands for nothing in the value of the sovereign?

III.—If this is the case, is it not true that the value, the paying power, of the sovereign of unlimited coinage is more or less great according as the number of sovereigns that might be coined with the whole mass of gold in existence is more or less great; and is it not consequently true, that the sovereign has a mathematical value?

IV.—Is not the value, the paying power of the sovereign, stable, because the number of sovereigns that might be coined with the mass of existing gold is stable?

V.—If the law has the power of giving the sovereign mathematical value, can it not give it to the shilling?

VI.—Considering that the number of shillings that might be coined with the mass of existing silver is stable, would the value of the shilling at unlimited coinage and unlimited forced circulation be less stable than that of the sovereign?

VII.—Is it not true that if the different nations formed a single state, having both the sovereign and the shilling as money with unlimited coinage and with unlimited forced circulation, nobody would think of bartering shillings for sovereigns, or sovereigns for shillings, seeing that neither the one barter nor the other could secure any profit; and is it not true that there would be no thought of ascertaining the ratio of weight existing between twenty shillings in gold and twenty shillings in silver?

VIII.—Is it not true, that considering the multiplicity of States, if one of them began fabricating sovereigns lighter than the sovereigns of the other States, while maintaining the uniformity of weight for the silver shilling, the bankers in the other States would take thither their heavy sovereigns for remintage into a larger number of lighter sovereigns, and that with these light sovereigns they would obtain silver shillings, which they would take home, thus realising a considerable profit entirely due to the lack of international uniformity between the weight of two coins?

IX.—Is it not true, that between the gold sovereign and the silver shilling, supposing them to be universal money, there would be no question of a relative natural and commercial value, but of a conventional ratio of weight fixed by legislation?

X.—Is it not true, that if nature had offered a third metal capable by the unalterability of its mass, and by its physical qualities of being itself also good money with unlimited coinage, legislators would not have failed to declare it metal mintable at pleasure, and to fix the weight of a third monetary unit, a weight which would necessarily have had some ratio with the weight of the silver unit and the gold unit?

XI.—Does

XI.—Does it not result from the foregoing, that international bimetallism will be firmly established the day when the same ratio of weight between the silver coin and the gold coin is decreed by a preponderating group of nations?

XII.—In addition to the first of the questions here put, how account for the fact—

(a). That French, German, Dutch, and American legislators can keep in circulation with unlimited paying power, and as non-international money, a mass of silver amounting perhaps to twenty-five million kilogrammes, a mass which would not be worth a tenth of what it is worth as money, if the 5-franc pieces, thalers, florins, and dollars were melted down, and if Asiatic legislation withdrew from silver its unlimited paying power?

(b). That Italian, Austrian, and Russian legislators can keep in circulation as national money, immense sums of paper money of unlimited paying power, money which regarded as merchandise would be absolutely devoid of value?

REMARK.—Coins are conventional units used for measuring the comparative value of all merchandise, and for paying for them. They are counters whose value is purely legal, but guaranteed by nature itself, which has never furnished and does not furnish but a limited number of them.

The circulation of all the counters composing the existing monetary mass is ensured by means of the free mintage and forced circulation.

The yellow counter reckons as $15\frac{1}{2}$ white counters. Bimetallism is nothing else.

(C.)

QUESTIONS addressed to the ENGLISH DELEGATES by Mr. Dana Horton (page 58).

I.—Was not the pound sterling, composed of 20 silver shillings, the monetary unit of England until 1816?

II.—Was not free and gratuitous coinage, at the standard fixed by the law of the 43rd Elizabeth, of silver coin, having full legal tender power, guaranteed by the law of 1666, which was repealed in 1816?

III.—Was not the fixation of the ratio of 15:21:1 in 1717, which over-valued gold, the cause of the exportation of silver coin from England, and of the almost exclusive use of gold coin, in the 18th century?

IV.—Was not the avowed object of this fixation in 1717 to reduce the then existing over-valuation of gold (of about $15\frac{1}{2}$), and to procure for England a simultaneous circulation of gold and silver?

V.—Did not France maintain a simultaneous circulation of gold and silver in the century which followed 1717 (saving the period of revolution and paper money)?

VI.—Were not the two facts, that England used in the 18th century a depreciated money (the guinea), and that the object of the fixation of 1717 was never attained, the natural result of the failure of the Government to abandon a false valuation, and to adopt the French ratio?

VII.—Had not Sir Isaac Newton indicated the probable necessity of such a measure?

VIII.—Did not Richard Cantillon (author of the "*Essai sur la Nature de Commerce en Général*," Paris, 1757) predict, 150 years ago, that England would be forced in the end to adopt the French ratio?

IX.—Did not Alexander Baring, 50 years ago, pronounce himself in favour of the restoration of the silver and gold standard at the new French ratio?

X.—Was not the prohibitive tariff directed by English law against silver money in 1816 an innovation?

XI.—What advantages accrued to England through this innovation?

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ANSWERS furnished to the INDIAN DELEGATES in reply to the Questions put by Mr. *Cernuschi*, at the Sixth Meeting of the Conference.*

Presented by Sir *Louis Mallet* (page 134).

QUESTIONS.	A.	B.	C.	D.
XVIII.	Quite true. *	Very large amounts of silver arrived from the West Indies and Pacific, which were all taken for India, together with considerable sums in bars and 5-franc pieces from the Continent.	When the balance of trade between this country and India necessitated an export of silver to India, and the price of the metal here allowed of the profitable import of 5-franc pieces into England, those coins naturally flowed to this country from France as an arbitrage operation.	When silver was required by English merchants at short notice for transmission to the Eastward, if the requisite quantity was not in London, they would in all probability apply to the Continent for it, as the nearest market after London.
XIX.	No doubt.	Very large amounts of silver were received from Belgium and Holland, as well as France, and payments were made in gold, as well as in bills and goods.	The capability of the continental monometallic States of supplying silver to England, was not put to the test to any appreciable extent, because France had a double standard and supplied the demand. Had the price of silver risen to a point at which it could have been profitably imported from those States it would have found its way here, and been paid for by exports either of securities or commodities.	The silver monometallic States of the Continent would naturally be influenced by the relative prices of silver and gold at the time. If giving silver for gold would yield a profit, they would probably supply it to some extent, as the transaction would be advantageous, although gold had not a forced circulation. [The form in which this question is put, commencing "Is it not the fact" is ill adapted to the nature of the inquiries in Questions XVIII., XIX., XX.]
XX.	Silver was generally obtained from France, and no doubt the effect of the alteration in the rate of exchange caused by a demand for silver was to give France rather more than 1 kilo. of gold for 15½ of silver. The converse also holds good.	Yes, chiefly. The price of course varied with the exchange of France on England. Not always to France. Large amounts were sold to Belgium and Germany before the latter country declared for a gold currency.	The first portion of the question is answered under N° XVIII. As regards the second clause relating to silver arriving in London, that metal being a commodity would be offered to the best buyer, whether India or any other country.	When the price of silver in London was above the rate of 1 to 15½, silver would flow to London from bimetallic countries. If silver had arrived in London in excess of the demand for it, and the price was below that rate, English merchants requiring gold would have to give more than 15½ of silver for one of gold.
XXI.	Quite correct.	Yes. Yes. Yes.	The seigniorage and other mint charges on silver at Bombay and Calcutta amount to about 22 per mille. The freight for bullion and specie between London and Calcutta or Bombay was at one time 2 per cent., but it was reduced to 1 per cent. before the opening of the Suez Canal. The loss of interest was not lessened by the Canal route being opened, because bullion and specie had previously been transported by rail from Alexandria to Suez and reshipped thence.	The cost of mintage of silver at Calcutta and Bombay is 2 per cent. The freight on bullion between London and Calcutta or Bombay has varied from time to time, and special arrangements have been made by the Government in regard to their shipments. The longer the voyage, the greater must have been the loss of interest.

* See remarks of Sir Louis Mallet on the above answers, p. 134 of the Minutes.

ANSWERS furnished to the Indian Delegates in reply to the Questions put by Mr. Cernuschi, &c.—*contd.*

QUESTIONS.	A.	B.	C.	D.
XXII.	If India had been gold monometallic (France remaining bimetallic), of course if gold were wanted as a remittance to India, and were obtained from France by giving more silver than 15½ to 1, it (the gold) would cost in India something like 5½ per cent. over par value, and if sent from India, after deduction of freight charges and insurance, would have realised only about 96½ to 100.	There would have been a large oscillation, but I can scarcely think it would have been so large as 10 to 12 per cent.	If with a monometallic gold currency in India the English gold coins were not made a legal tender there, and if the mint charges were, under that supposition, as heavy as they now are for a silver currency, and moreover, if the cost of the transmission of the precious metals to India had never been reduced, the range of oscillation in the exchange might be as great as is stated in the question.	Had India been gold monometallic like England, the variation in the exchange would have been mainly dependent on the cost of transport, insurance, loss of interest, mintage, and brokerage, and the limit of oscillation would rarely, I apprehend, have exceeded from 5 to 6 per cent. below par, and 5 to 6 per cent. above.
XXIII.	It seems to me that, under no circumstances could the extreme oscillations of value have been more than the total of freight and expenses both ways; but within these bounds there must always be a greater or less oscillation.	An Indian bank would be best able to give the required information.	The supposition under Q. XXII. is that of India having a gold monometallic currency, but this question seems to refer to the existing state of things, and, if so, is not applicable.	Oscillations of exchange could not have been avoided.
XXIV.	Of course, because the quotation in London is in gold.	Yes, with regard to India; but there were times previous to 1874 when the Continent were buyers of silver at higher rates than Indian banks could give.	On the same supposition of India having a gold currency, the price of silver would not in that case have been affected by the oscillations in the gold exchange.	The oscillations of exchange affected the quotation of silver in London; but it must not be assumed from this answer that those oscillations had a very potent influence in that respect, the price of silver being also greatly dependent on the supply and demand, and on the quantity continuously required for transmission to the East.
XXV.	From 1865 to 1872 the price of silver was extremely steady at an average of 60½ d.; in 1873, Germany demonetised, and the average declined to 59½ d., and in the following year to 58½ d.; in 1876, the lowest price of silver was reached, 46½ d.	The average price of silver has been more irregular since 1874.	The greatest oscillations prior to the opening of the Canal occurred during the American civil war, which caused an abnormal export of cotton from India. Apart from that particular cause and period, the oscillations in the Exchange and the quotations of silver up to the year 1874 were similar both before and after the opening of the Suez Canal.	Questions XXV. and XXVI. can be answered most satisfactorily by statements prepared from the best information obtainable.
XXVI.	From 1865 till 1873 the average value of rupees was about 1 s. 10½ d.; in 1874 about 1 s. 10¼ d.; afterwards a considerable decline, and in 1878 the average was about 1 s. 8 d.	Cannot say as regards the rupee. This price of 60½ d. would be about the average of 20 years prior to 1874.	Excluding the period of inflation, referred to in the previous answer, the average quotation of exchange prior to 1874 was probably one penny per rupee higher than that stated in the question, and the average price of silver was probably about 60½ d., or 61 d.	

Appendix.
Section VI.

ANSWERS furnished to the Indian Delegates in reply to the Questions put by Mr. Cernuschi, &c.—*cont^d*.

QUESTIONS.	A.	B.	C.	D.
XXVII.	This question is rather vague; but, so far as I understand it, must be answered in the affirmative.	Neither gold nor silver are interest-bearing securities; consequently, whenever there are arrivals of either metal, they are at once sold for cash, either for remittance to the Continent, or, if gold be not required on the Continent, it is then sold to the Bank. The quotations, of course, varied from day to day, according to the Exchanges on India or the Continent.	Silver being a mere commodity in England, no interest could accrue upon it if held; and the price, like that of all other commodities, is regulated by the supply and demand.	The meaning of this question appears to me to be obscure. Silver, like any article of merchandise, could not remain unused in England for a time, without interest on its value for that time being lost. The holder looks to obtaining compensation and profit from improvement in price.
XXVIII.	No doubt this was so.	Only Indian Banks, who jealously kept such information to themselves, could answer this question.	The balance of trade has been generally in favour of India, and it has only been on very rare occasions that Banks in India could sell their bills on London profitably against shipments of silver to Europe.	When the price of silver has been much below the French ratio of 1 to 15½, Calcutta and Bombay bankers have been able, when selling bills on London, to require more rupees than were represented in the French ratio.
XXIX.	Of course the price of bills was limited by the value of silver in Paris (15½ to 1), minus freight, insurance, and interest on shipments of silver.	Refer to an Indian Bank.	Exchange in India could certainly not fall below the point at which rupees could be converted into silver bullion, and exported thence to silver-using countries in Europe.	So long as the receipt and coinage of silver in Paris in the ratio of 1 to 15½ was unrestricted, the oscillations in the exchange with India were to some extent limited. The "disappearance" of French bimetallism has tended greatly to depreciate the value of silver, and, as a consequence, the exchangeable value of the rupee.
XXX.	Yes.	Yes. But there were, and are often, orders for the Bazaars in India, where silver is at a premium, which cause orders for the metal here, quite irrespective of Exchange operations.	When India was a buyer of silver at a price in gold higher than the ratio of 15½ to 1, the Council bills would be sold at a corresponding equivalent rate.	
XXXI.	Obviously.	Cannot say.	Yes.	
XXXII.		If it has been, which I am not prepared to admit, the fact of France having of late years been almost out of the market as a seller of silver, must have caused a better demand for the Council drafts, which have therefore obtained a better price.	It is a disadvantage to the Indian Treasury with respect to the amount of the payments which the Treasury has to make in gold; but whether there has not been a corresponding gain in the revenues payable in silver is a question open to discussion.	The change in French bimetallism has been very injurious to the Indian Treasury.
XXXIII.		The Government only can answer this question.	To be answered from the Government records.	The rupee not having a fixed value in gold, it is not practicable to state precisely the loss on exchange in the years in question. An approximate estimate only could be furnished.
XXXIV.		The India Council can answer this from their own estimates.	<i>Idem.</i>	

NOTE.

For Answers to the above Question by the Delegates of Great Britain, Canada, and of Belgium (see page 110).

SECTION VII.

STATISTICAL and other Information relating to India.

Presented by Sir Louis Mallet (page 134).

STATEMENT of the COMMERCE of *British India*, of the Exportation of GOLD and SILVER, and of the PUBLIC DEBT, &c. &c.

BRITISH INDIA.

- (1).—Imports and Exports of Merchandise and Treasure, with sums obtained for Bills drawn by the Court or Council on India, for the years 1855-1856 to 1879-1880, and the Average Rate of Exchange obtained for those Bills.
- (2).—Value of Gold and Silver imported into or exported from India, for the years from 1855-56 to 1879-1880.
- (3).—Imports and Exports of Gold and Silver in periods of Ten years, from 1835-1836 to 1874-1875, and for the five years from 1875-1876 to 1879-1880.
- (4).—Value of Gold and Silver Coinage in the Indian Mints from 1855-1856 to 1879-1880.
- (5).—Currency Notes in Circulation, Coin and Bullion Reserve, and Government Securities held by the Department of Issue of Paper Currency.
- (6).—Imports of Gold from 1868-1869 to 1879-1880 (details).
- (7).—Imports of Silver from 1868-1869 to 1879-1880 (details).
- (8).—Exports of Gold from 1868-1869 to 1879-1880 (details).
- (9).—Exports of Silver from 1868-1869 to 1879-1880 (details).

EAST INDIA (LOANS RAISED IN INDIA).

- (10).—Return of all Loans raised in India, chargeable on the Revenues of India, outstanding at the commencement of the Half-year ended on the 30th September 1880, with the Rates of Interest, and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the close of the Half-year, stating, so far as the public convenience will allow, the purpose or service for which Moneys have been raised during the Half-year.

Note.—The "Year" in these Tables is the "Official" Year in all cases (*id est*, ending the 31st of March).

- (1).—VALUE of MERCHANDISE and TREASURE respectively Imported into and Exported from *British India* by Sea from and to Foreign Countries, and of the Sums obtained for Bills drawn by the Court of Directors or Secretary of State on the several Governments in *India*, in each of the undermentioned Official Years, and the Average Rate of Exchange obtained for those Bills.

OFFICIAL YEARS.	IMPORTS.			EXPORTS.			Sums obtained for Bills drawn by the Court of Directors or Secretary of State on the several Governments in India.	Average Rate of Exchange for Bills on India.
	Merchandise.	Treasure.	TOTAL.	Merchandise.	Treasure.	TOTAL.		
	£.	£.	£.	£.	£.	£.	£.	s. d.
1855-1856	13,943,494	(1) 11,301,288	25,244,782	23,039,268	(1) 601,177	23,640,445	1,484,040	2 1/2
1856-1857	14,194,587	14,413,697	28,608,284	25,338,451	(1) 1,253,426	26,591,877	2,819,711	2 1/2
1857-1858	15,277,629	(1) 15,815,436	31,093,065	27,456,036	(1) 822,438	28,278,474	628,499	2 1/2
1858-1859	21,728,579	(1) 12,817,071	34,545,650	29,862,871	(1) 669,427	30,532,298	25,901	(3)
1859-1860	24,265,140	16,356,963	40,622,103	27,960,203	(1) 929,007	28,889,210	4,694	(2)
1860-1861	23,493,716	10,677,077	34,170,793	32,970,605	(1) 1,119,549	34,090,154	797	(2)
1861-1862	22,320,432	(1) 14,951,985	37,272,417	36,317,042	(1) 683,355	37,000,397	1,193,729	1 11/16
1862-1863	22,632,384	20,508,967	43,141,351	47,859,645	(1) 1,111,140	48,970,785	6,641,576	1 11/16
1863-1864	27,145,590	22,902,581	50,108,171	65,625,449	(1) 1,270,435	66,895,884	8,979,521	1 11/16
1864-1865	28,150,923	21,363,352	49,514,275	68,027,016	(1) 1,144,775	69,471,791	6,789,473	1 11/16
1865-1866	29,599,223	26,557,301	56,156,529	65,491,123	(1) 2,165,352	67,656,475	6,998,599	1 11/16
1866-1867 (11 months)	29,038,715	13,236,905	42,275,620	41,859,994	2,431,503	44,291,497	5,613,746	1 11/16
1867-1868	35,705,783	11,775,374	47,481,157	50,874,056	1,571,946	52,446,002	4,137,285	1 11/16
1868-1869	35,990,142	15,155,954	51,146,096	53,062,165	1,395,580	54,457,745	3,705,741	1 11/16
1869-1870	32,927,520	13,954,807	46,882,327	52,471,376	1,042,353	53,513,729	6,980,122	1 11/16
1870-1871	34,469,119	5,444,823	39,913,942	55,336,186	2,220,765	57,556,951	8,443,509	1 10 1/2
1871-1872	32,091,850	11,573,813	43,665,663	63,209,282	1,476,094	64,685,376	10,310,339	1 11/16
1872-1873	31,874,625	4,556,585	36,431,210	55,250,763	1,298,079	56,548,842	13,939,095	1 10 1/2
1873-1874	33,836,828	5,792,534	39,612,362	54,996,010	1,914,071	56,910,081	13,285,673	1 10 1/2
1874-1875	36,222,113	8,141,047	44,363,160	56,359,240	1,625,309	57,984,549	10,841,615	1 10 1/2
1875-1876	38,891,656	5,300,722	44,192,378	58,091,494	2,200,236	60,291,730	12,389,613	1 9 1/2
1876-1877	37,440,631	11,436,120	48,876,751	61,013,891	4,029,598	65,043,789	12,695,799	1 8 1/2
1877-1878	41,464,185	17,355,459	58,819,644	65,222,328	2,210,905	67,433,233	10,134,455	1 8 1/2
1878-1879	37,800,595	7,056,749	44,857,344	60,937,513	3,982,228	64,919,741	13,948,565	1 7 1/2
1879-1880	41,172,567	11,654,894	52,827,461	67,210,741	2,035,147	69,245,888	13,261,810	1 8
TOTALS for 25 Years, 1855-1856 to 1879-1880	741,661,031	330,161,504	1,071,822,535	1,245,842,743	41,504,285	1,287,347,033	177,254,212	

(1) These figures include copper, of which the aggregate imports amounted to 210 l., and the aggregate exports to 34,976 l., the value in no year being so high as 10,000 l.

(2) In consequence of the mutiny it was necessary to refrain from drawing on India, and the exchange was raised to a prohibitory rate. 409.

(2).—VALUE of GOLD and SILVER respectively Imported into and Exported from *British India* from and to Foreign Parts, in each of the undermentioned Official Years.

OFFICIAL YEARS.	IMPORTS.			EXPORTS.			SURPLUS OF IMPORTS.		
	Gold.	Silver.	TOTAL.	Gold.	Silver.	TOTAL.	Gold.	Silver.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
1855-1856	2,508,353	8,792,793	11,301,146	2,108	598,418	600,526	2,506,245	8,194,375	10,700,620
1856-1857	2,176,002	12,237,695	14,413,697	84,788	1,164,448	1,249,236	2,091,214	11,073,247	13,164,461
1857-1858	2,830,084	12,985,332	15,815,416	47,011	766,384	813,395	2,783,073	12,218,948	15,002,021
1858-1859	4,437,339	8,379,692	12,817,031	10,886	651,350	662,236	4,426,453	7,728,342	12,154,795
1859-1860	4,288,037	12,068,926	16,356,963	3,803	921,363	925,166	4,284,234	11,147,563	15,431,797
1860-1861	4,242,441	6,434,636	10,677,077	9,872	1,106,027	1,116,499	4,232,569	5,338,009	9,560,578
1861-1862	5,190,432	9,761,545	14,951,977	6,007	675,089	681,096	5,184,425	9,086,456	14,270,881
1862-1863	6,881,569	13,627,398	20,508,967	33,410	1,077,243	1,110,653	6,848,159	12,550,155	19,398,314
1863-1864	8,925,412	14,937,169	22,962,581	27,106	1,240,450	1,267,556	8,898,306	12,796,719	21,695,025
1864-1865	9,875,032	11,488,320	21,363,352	35,068	1,409,522	1,444,590	9,839,964	10,078,798	19,918,762
1865-1866	6,372,894	20,784,407	26,557,301	648,418	1,515,734	2,164,152	5,724,476	18,638,073	24,393,149
1866-1867 (11 months)	4,581,472	8,655,433	13,236,905	739,144	1,392,359	2,431,503	3,842,328	6,993,074	10,805,402
1867-1868	4,775,924	6,999,450	11,775,374	166,457	1,405,489	1,571,946	4,609,467	5,593,961	10,203,428
1868-1869	5,176,976	9,978,978	15,155,954	17,624	1,377,956	1,395,580	5,159,352	8,601,922	13,760,374
1869-1870	5,690,400	8,264,407	13,954,807	98,283	944,070	1,042,353	5,592,117	7,329,337	12,912,454
1870-1871	2,782,574	2,662,249	5,444,823	500,453	1,720,312	2,220,765	2,282,121	941,937	3,224,058
1871-1872	3,573,778	8,000,635	11,573,813	8,434	1,487,208	1,495,642	3,565,344	6,512,927	10,078,171
1872-1873	1,648,807	1,934,214	4,556,555	79,009	1,229,570	1,308,579	2,543,362	7,04,944	3,248,006
1873-1874	2,089,236	4,143,726	6,792,533	206,169	1,392,243	1,958,512	1,382,638	2,451,383	3,834,021
1874-1875	1,836,381	3,464,341	5,300,722	215,701	1,409,608	1,625,309	1,873,535	4,092,202	6,515,737
1875-1876	1,443,712	9,992,408	11,436,120	291,250	1,908,986	2,200,236	1,545,131	1,555,355	3,100,486
1876-1877	1,578,927	15,776,532	17,355,459	1,236,362	2,793,536	4,029,898	207,350	7,198,872	7,406,222
1877-1878	1,463,050	5,593,699	7,056,749	1,110,798	1,100,197	2,210,995	468,129	14,676,335	15,144,464
1878-1879	2,050,393	9,005,002	11,655,395	2,359,223	1,623,005	3,982,228	896,173	3,970,694	3,074,521
1879-1880				299,889	1,735,259	2,035,148	1,750,494	7,869,743	9,620,237
TOTALS for 25 Years, 1855-1880	99,041,596	231,120,197	330,161,793	8,297,273	33,246,826	41,544,099	91,640,486	197,873,671	288,617,984

Treasure on account of Government is included in the above figures.

(3.)—SUMMARY for each Period of 10 Years from 1835-36 to 1874-75, and for the Five Years from 1875-76 to 1879-80.

OFFICIAL YEAR.	IMPORTS.			EXPORTS.			SURPLUS OF IMPORTS.			Amount obtained for Bills of Exchange drawn in England on the several Governments in India.
	Gold.	Silver.	Total.	Gold.	Silver.	Total.	Gold.	Silver.	Total.	
1835-1836 to 1844-1845	£. 3,355,611	£. 25,023,303	£. 28,381,914	£. 61,812	£. 4,488,684	£. 4,550,446	£. 3,206,799	£. 20,534,669	£. 23,831,468	£. 19,859,640
1845-1846 to 1854-1855	10,811,602	26,780,829	37,592,331	529,109	11,453,820	11,982,929	10,282,393	15,327,009	25,609,402	29,380,214
1855-1856 to 1864-1865	51,354,701	109,813,506	161,168,207	260,059	9,610,894	9,870,953	51,094,642	100,202,612	151,297,254	28,567,941
1865-1866 to 1874-1875	39,314,482	76,874,709	116,189,141	2,739,692	14,474,649	17,214,341	36,574,740	62,400,060	98,974,800	84,256,039
1875-1876 to 1879-1880 (5 years)	8,372,463	44,431,982	52,804,445	5,297,522	9,161,283	14,458,805	3,971,104	35,270,999	38,345,930	64,430,242

Appendix.
Section VII.

(4).—VALUE of GOLD and SILVER COINAGE in the Mints of *Calcutta*, *Madras* ⁽¹⁾,*
and *Bombay*, from 1855-1856 to 1879-1880.

OFFICIAL YEARS.	Gold.	Silver.	TOTAL.
	£.	£.	£.
1855-1856	167,863	6,973,659	7,141,522
856-1857	128,302	10,779,286	10,907,588
857-1858	43,783	12,551,303	12,595,086
858-1859	132,273	6,542,267	6,674,540
859-1860	64,307	10,677,924	10,742,231
860-1861	65,038	5,192,328	5,257,366
1861-1862	58,667	7,070,830	7,129,497
862-1863	130,666	9,251,468	9,382,134
863-1864	54,354	11,477,425	11,531,779
1864-1865	95,672	10,358,423	10,454,095
1865-1866	17,665	14,507,049	14,524,714
866-1867	27,725	6,118,857	6,146,582
867-1868	21,534	4,313,285	4,334,819
868-1869	25,156	4,207,031	4,232,187
869-1870	78,510	7,473,560	7,552,070
870-1871	4,143	1,718,197	1,722,340
871-1872	15,412	1,690,394	1,705,806
872-1873	31,795	3,980,927	4,012,722
1873-1874	15,498	2,370,013	2,385,511
1874-1875	14,034	4,896,884	4,910,918
1875-1876	17,150	2,550,218	2,567,368
1876-1877	-	6,271,122	6,271,122
1877-1878	15,636	16,180,326	16,195,962
1878-1879	85	7,210,770	7,210,855
1879-1880	126	10,250,000	10,250,126
TOTALS for the 25 Years 1855-1856 to 1879-1880 } £.	1,223,394	184,613,540	185,838,934

(1) The Madras Mint was closed on the 31st August 1869.

(5.)—AMOUNT of GOVERNMENT CURRENCY NOTES in Circulation, and Amount of COIN and BULLION RESERVE, and GOVERNMENT SECURITIES held by the Department of ISSUE of PAPER CURRENCY (¹).

DATES.	Notes in Circulation.	Silver Coin Reserve.	Silver Bullion Reserve.	Gold Bullion Reserve.	Reserve in Government Securities.	TOTAL Reserve.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1 January - 1863	4,52,00,000	3,04,51,139	79,00,000	- -	68,48,861	4,52,00,000
1 „ - 1864	5,11,00,000	1,93,22,868	1,17,00,000	- -	2,00,77,132	5,11,00,000
1 „ - 1865	7,47,91,340	3,46,96,329	97,00,000	- -	3,03,95,011	7,47,91,340
1 „ - 1866	7,39,62,440	1,70,19,908	1,55,90,000	15,50,000	3,98,02,532	7,39,62,440
1 „ - 1867	9,95,94,590	5,67,10,172	62,42,878	2,12,130	3,64,29,409	9,95,94,590
1 „ - 1868	10,82,36,590	6,56,06,829	49,61,718	1,47,495	3,25,20,548	10,82,36,590
1 „ - 1869	10,29,98,460	5,57,16,019	79,61,718	1,47,495	3,91,73,228	10,29,98,460
1 „ - 1870	11,30,89,780	5,83,19,932	1,44,84,718	3,12,495	3,99,72,635	11,30,89,780
1 „ - 1871	10,35,19,850	6,63,11,487	46,23,859	3,12,495	3,22,72,009	10,35,19,850
1 „ - 1872	10,86,90,410	6,34,40,536	1,23,20,022	72,495	3,28,57,357	10,86,90,410
1 „ - 1873	12,87,55,030	5,93,00,413	1,24,42,594	72,495	5,69,39,528	12,87,55,030
1 „ - 1874	10,91,07,985	4,74,72,880	46,23,082	72,495	5,69,39,528	10,91,07,985
1 „ - 1875	11,08,12,030	4,38,87,827	99,12,180	72,495	5,69,39,528	11,08,12,030
1 „ - 1876	11,21,58,630	4,72,49,572	78,97,085	72,495	5,69,39,528	11,21,58,630
1 „ - 1877	11,97,19,655	4,62,69,264	1,54,40,613	- -	5,80,09,778	11,97,19,655
1 „ - 1878	15,04,62,480	5,90,61,711	3,44,68,303	- -	5,69,32,466	15,04,62,480
1 „ - 1879	12,68,61,370	6,05,26,658	63,57,306	- -	5,99,77,406	12,68,61,370
1 „ - 1880	13,79,76,495	6,47,40,698	1,35,73,541	- -	5,99,97,256	(²) 13,83,11,495
1 „ - 1881	14,32,68,925	7,99,46,042	33,52,136	- -	5,99,70,747	14,32,68,925

(¹) The Paper Currency Department began operations on the 1st of March 1862.

(²) Including Rs. 3,35,000 for bills outstanding.

Appendix.
Section VII.

(6.)—VALUE of Imports of GOLD from 1868-69 to 1879-80.

	YEARS ENDED 31ST MARCH											
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
United Kingdom, including Suez	1,595,893	1,609,484	498,207	1,340,696	751,417	273,472	454,621	267,228	480,666	203,093	205,582	302,103
France, and other European Countries	53,739	38,349	12,962	13,733	12,339	3,117	24,170	7,523	16,433	10,214	13,060	24,574
Africa, including Mauritius and Réunion	43,607	25,268	7,301	60,764	130,463	18,751	29,797	74,971	216,085	311,276	193,163	10
Aden	10,588	23,792	25,863	26,874	29,537	31,830	27,680	27,720	23,070	22,714	20,095	16,182
Arabia, or Red Sea Ports	60,198	62,398	112,876	92,451	147,986	160,821	205,902	162,633	123,957	81,920	104,614	160,803
Ceylon	1,549,007	1,889,711	350,217	349,190	235,665	86,282	106,683	132,572	52,926	36,898	37,917	28,641
China	1,501,210	1,542,785	1,505,352	1,331,746	860,968	812,651	1,083,584	1,032,982	406,029	845,212	832,979	1,184,169
Persia and Persian Gulf	52,209	55,823	40,296	27,829	43,144	70,341	80,336	15,788	11,159	3,903	1,318	1,642
Straits Settlements	41,189	24,776	16,280	22,325	44,029	17,023	23,087	36,587	28,047	31,385	13,714	29,153
Turkey in Asia and Japan	-	15	-	-	-	-	-	-	-	-	-	-
Australia	260,286	417,999	213,220	308,107	366,473	174,520	50,376	28,166	28,028	21,422	28,937	8,041
Other Countries not stated	30	-	-	-	350	-	3,000	50,211	52,312	10,890	11,671	295,065
TOTAL	5,176,976	5,690,400	2,782,574	3,573,778	2,622,371	1,648,808	2,089,236	1,836,881	1,443,712	1,578,927	1,463,050	2,050,393

(7.)—VALUE of Imports of SILVER from 1868-69 to 1879-80.

YEARS ENDING 31ST MARCH												
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
United Kingdom, including Suez	-	3,165,863	2,041,224	200,796	5,560,815	1,107,329	2,147,305	1,979,566	7,305,278	12,716,330	2,838,681	4,713,976
France, and other European Countries	-	906,199	337,783	87,964	201,491	12,191	89,748	282,208	1,177,567	203,332	60,161	471,276
Africa, including Mauritius and Réunion	-	39,694	90,995	49,216	25,688	16,096	12,619	67,536	61,849	48,163	49,836	164,582
Aden	-	91,501	83,831	89,216	61,868	46,325	30,856	43,682	39,814	38,962	11,984	25,805
Arabia, or Red Sea Ports	-	93,487	98,321	112,555	124,695	146,756	123,426	226,577	257,950	286,192	251,916	258,755
Ceylon	-	892,735	666,310	180,796	265,492	184,477	317,902	292,948	342,218	160,548	257,406	536,213
China	-	2,953,835	3,707,567	1,247,854	1,324,141	161,273	912,967	349,507	610,472	1,761,728	1,811,873	2,823,714
Persia and Persian Gulf	-	562,658	294,245	418,850	303,539	180,561	226,421	41,052	34,886	44,740	48,441	53,827
Straits Settlements	-	484,952	476,091	182,645	109,990	59,867	251,623	83,995	79,309	359,120	138,862	115,854
Australia	-	-	1,080	-	18	-	-	-	325	64,400	-	-
Other Countries	-	(1) 788,054	466,960	92,447	22,298	19,339	24,859	97,270	82,740	93,017	133,539	440,500
TOTAL	-	9,978,978	8,264,407	2,662,249	8,000,035	1,934,214	4,143,726	3,464,341	9,992,408	15,776,532	5,593,699	9,604,502

(1) £. 778,429 from Abyssinia.

Appendix.
Section VII.

(8.)—VALUE of Exports of GOLD from 1868-69 to 1879-80.

	YEARS ENDED 31ST MARCH											
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
United Kingdom, including Suez	£. -	£. 62	£. 481,915	£. 34	£. 122	£. 255,943	£. 207,230	£. 244,878	£. 1,200,399	£. 1,083,532	£. 2,351,496	£. 287,040
France, and other European Countries	-	6	7,950	-	550	-	6,159	42,153	28,970	524	365	2,000
Africa, including Mauritius and Réunion	-	-	-	-	-	-	-	150	-	-	450	1,816
Aden	730	450	270	245	-	85	240	170	300	220	1,836	130
Arabia, or Red Sea Ports	-	-	-	-	265	-	-	30	-	215	-	94
Ceylon	-	1,806	771	600	50,200	-	48	1,669	4,723	60	606	7,316
China	75	66,000	44	-	2,007	90	77	-	200	37	-	-
Persia and Persian Gulf	8,944	24,750	6,088	7,325	10,203	9,210	1,590	200	-	610	-	50
Straits Settlements	7,675	4,418	415	100	10,445	841	317	2,000	1,770	-	3,020	943
Australia	-	-	-	-	-	-	40	-	-	-	-	-
Other Countries	500	791	3,000	130	5,217	-	-	-	-	25,600	1,450	500
TOTAL	£. 17,624	£. 98,283	£. 500,453	£. 8,434	£. 79,009	£. 266,169	£. 215,701	£. 291,250	£. 1,236,362	£. 1,110,798	£. 2,359,223	£. 299,889

(9.)—VALUE of the Exports of SILVER from 1868-69 to 1879-80.

	YEARS ENDED 31ST MARCH											
	1869.	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
United Kingdom, including Suez - *	595,501	5	1,324,759	156,364	1,778	218,651	23,300	46,912	83,815	105,678	132,575	78,962
France, and other European Countries -	-	-	50	643	370	10,861	15,072	46,697	62,452	73,980	5,440	14,995
Africa, including Mauritius and Réunion -	280	38,550	6,000	103,300	10,000	346,583	105,493	418,977	493,839	170,959	296,555	319,519
Aden -	13,820	4,910	1,070	78,663	5,100	34,763	49,213	139,021	77,460	23,591	53,838	83,203
Arabia, or Red Sea Ports -	3,040	15,381	10,702	9,005	15,948	17,093	15,470	62,299	53,294	117,380	74,019	62,633
Ceylon -	632,950	649,600	302,969	759,624	749,500	834,227	937,362	1,033,035	1,074,619	294,510	835,366	677,969
China -	17,085	11,658	5,497	134,335	119,732	12,370	102,537	14,535	753,735	48,171	3,442	208,010
Persia and Persian Gulf -	90,919	197,196	119,420	143,103	177,539	121,546	113,897	41,426	58,010	111,257	100,550	236,415
Straits Settlements -	17,288	23,328	48,069	81,783	136,647	51,208	45,324	48,810	94,504	32,426	31,133	24,532
Australia -	-	-	-	-	-	-	10	-	-	-	-	-
Other Countries -	7,073	3,442	1,176	835	2,456	690	1,990	57,274	41,898	122,336	90,147	29,030
TOTAL - - - £.	1,377,956	914,070	1,720,312	1,467,660	1,219,070	1,647,902	1,409,608	1,908,986	2,793,536	1,100,198	1,623,005	1,735,259

Appendix.
Section VII.

EAST INDIA (LOANS RAISED IN INDIA).

(10.)—RETURN of all LOANS raised in *India*, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ended on the 30th September 1880, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the Public Convenience will allow, the Purpose or Service for which Moneys have been raised during the Half-year.

DESCRIPTION OF LOAN.	RATE OF INTEREST.	One Half-year's Interest on the Amount of Debt outstanding on 1 April 1880.	DATE OF TERMINATION OF LOAN.	Amount of Debt outstanding on 1 April 1880.	Moneys raised during the Half-year ended 30 September 1880.	Transferred from other Loans.	TOTAL.	Amount of Debt paid off or discharged during the Half-year ended 30 September 1880.	Transferred to other Loans.	Amount of Debt outstanding on 30 September 1880.
LOANS BEARING INTEREST.										
Transfer Loan of 1870	- - - 4½ per cent.	£. 41,305	Not before 15 July 1885	£. 1,835,790	-	-	£. 1,835,790	£. 100	-	£. 1,835,690
Transfer Loan of 1871	- - - 4½ "	4,993	Not before 4 July 1881; falls to 4 per cent on that date.	221,900	-	-	221,900	-	-	221,900
Loan of 1878	- - - 4½ "	49,479	Not before 15 September 1893	2,199,080	-	-	2,199,080	-	33,180	2,165,900
Transfer Loan of 1879, 4½ per Cent. portion	- - - 4½ "	348,407	- - - ditto	15,262,547	13,229,772	33,680	18,420,927	-	2,450	18,423,777
Transfer Loan of 1879, 7 s. sterling per Cent. portion.	Equivalent in rupees of 7 s. per Rs. 100.	500	- - - ditto	24,420	-	-	24,420	-	-	24,420
Loan of 1824-25	- - - 4 per cent.	633	No date specified, but on 3 months' notice by Government.	31,636	-	-	31,636	-	-	31,636
Loan of 1828-29	- - - 4 "	128	- - - ditto	6,400	-	-	6,400	1	20	6,379
Loan of 1832-33	- - - 4 "	21,147	- - - ditto	1,057,365	-	-	1,057,365	29	10,360	1,046,976
Loan of 1835-36	- - - 4 "	56,854	- - - ditto	2,842,720	-	-	2,842,720	-	16,680	2,826,040
Loan of 1842-43	- - - 4 "	411,345	- - - ditto	20,567,263	-	236,600	20,793,923	-	51,440	20,742,483
Loan of 1854-55	- - - 4 "	122,436	- - - ditto	6,121,810	-	-	6,121,810	-	74,620	6,047,190
Transfer Loan of 1 May 1865	- - - 4 "	315,574	- - - ditto	15,778,709	-	199,420	15,978,129	-	65,350	15,912,779
Transfer Loan of 22 April 1854	- - - 4 "	24,618	15 months after notice by Government.	1,230,666	-	-	1,230,666	1	2,820	1,227,845
Loan of 1853-54	- - - 3½ "	1,110	3 months after notice by Government.	63,440	-	-	63,440	-	2,450	60,990
Railway Loan from Maharajah Holkar	- - - 4½ "	22,500	No date specified	1,000,000	-	-	1,000,000	-	-	1,000,000
Debenture Loan of 1867-68	- - - 5 "	15,007	Not before 1 June 1882	600,300	-	-	600,300	-	-	600,300

409.	Promissory Notes for Mysore Family -	-	4	2,485	No date specified	-	-	-	-	124,228	-	34	9,910	114,284
	Railway Loan from Maharajah Scindia	-	4	30,000	-	-	-	-	-	1,500,000	-	-	-	1,500,000
	Reduced Loan of 16 January 1879	-	4	241,019	Not before 16 January 1882	-	-	-	-	12,095,960	-	400	189,080	11,905,580
	East India Railway Converted Stock*	-	4	214	No date specified; but on 3 months' notice by Government.	-	-	-	-	10,675	-	-	-	• 10,675
	Debenture Loan, Nagpore and Raepore Railway*	-	4½	600	Not before 1 July 1890, and on 3 months' notice.	-	20,215	20,215	20,215	26,678	-	† 1,344	-	45,549
	Debenture Loan of the Cawnpore and Furrackabad Light Railway.*	-	4	902	Not before 1 January 1890, and on 3 months' notice.	-	25	25	25	45,096	-	-	-	45,121
	Loan of the Madras and Hatiras Light Railway*	-	4	648	Not before 30 years, on giving 1 year's previous notice.	-	-	-	-	32,410	-	-	-	32,410
	Loan of the Gazipore and Dildarnagore Light Railway.*	-	4	1,002	Not before 10 years, on giving 1 year's previous notice.	-	-	-	-	50,080	-	-	-	50,080
				1,708,801	TOTAL DEBT IN INDIA } £. bearing Interest	82,729,163	3,150,240	3,250,072	459,760	86,339,163	1,909	450,260	85,877,994	
	5 per Cent. Loan of 1825-26	-	-	-	-	6,026	-	-	-	6,026	-	-	-	6,026
	5 per Cent. Loan of 1841-42	-	-	-	-	1,590	-	-	-	1,590	-	-	-	1,590
	5 per Cent. Loan of 1854-55 for Public Works	-	-	-	-	5,900	-	-	-	5,900	-	-	-	5,900
	5 per Cent. Loan of 1856-57	-	-	-	Ordered to be paid off	13,460	-	-	-	13,460	800	-	-	12,660
	5½ per Cent. Loan of 1859-60	-	-	-	-	104,690	-	-	-	104,690	43,810	500	-	60,380
	5 per Cent. Debenture Loan of 1867-68	-	-	-	-	2,409	-	-	-	2,409	-	-	-	2,400
	Treasury Bills at 2½ pie per Rs. 100 per diem	-	-	-	-	9,280	-	-	-	9,280	-	-	-	9,280
				-	TOTAL DEBT IN INDIA } £. not bearing Interest -	143,346	-	-	-	143,346	44,610	500	98,236	
				-	TOTAL DEBT IN INDIA - £.	82,872,509	3,150,240	3,250,072	459,760	86,482,509	46,519	459,760	85,976,230	

* The five loans marked * were not included in the Half-yearly Statement up to 31 March 1880, as the transactions had not come upon the books of the Government of India at the time when that Statement was sent to England.
† For the construction of Productive Public Works in 1880-81.

Comptroller General's Office, Calcutta,
22 December 1880.

J. Westland, Officiating Comptroller General.

Louis Mallet,
Under Secretary of State.

Appendix.
Section VII.

(B.) - - - - -

COMMERCE of the BRITISH INDIAN EMPIRE. - - - - -

NOTE presented by Dr. O. J. Broch (page 18). - - - - -

Financial Year.	Average Ratio of Gold to Silver in the London Market.	Corresponding Value of Rupees in Shillings and Pence.	Remittances to India by Indian Council Bills, in Gold, and Silver.						
			Average Rate of the Bills in London.	Indian Council Bills sold in London.	Importation of Gold to India.	Importation of Silver to India.	Total Amount of Remittances in		
			<i>s. d.</i>	<i>s. d.</i>	<i>Lakhs of Rupees.</i>	<i>£. sterling.</i>	<i>Lakhs of Rupees.</i>	<i>Lakhs of Rupees.</i>	
1855—1856	- -	15·38	1 10 ¹³ / ₁₆	2 - ¹ / ₂	147·4	2,508,353	879·3	1,277·5	1
1856—1857	- -	15·28	1 10 ¹⁵ / ₁₆	2 - ³ / ₁₆	279·9	2,176,002	1,223·8	1,721·3	2
1857—1858	- -	15·30	1 10 ⁷ / ₈	2 - ⁷ / ₁₆	61·4	2,830,084	1,298·5	1,642·9	3
1858—1859	- -	15·33	1 10 ⁷ / ₈	2 1 ¹¹ / ₁₆	2·4	4,437,334	838·0	1,284·1	4
1859—1860	- -	15·20	1 11 ¹ / ₁₆	2 2	0·4	4,288,037	1,206·9	1,636·1	5
1860—1861	- -	15·35	1 10 ¹³ / ₁₆	2 2	0·1	4,242,441	643·5	1,067·8	6
1861—1862	- -	15·48	1 10 ⁵ / ₈	2 1 ³ / ₈	120·0	5,190,432	976·2	1,615·2	7
1862—1863	- -	15·35	1 10 ¹¹ / ₁₆	1 11 ¹ / ₁₆	666·4	6,881,569	1,362·7	2,717·3	8
1863—1864	- -	15·38	1 10 ⁷ / ₈	—	926·9	8,925,412	1,403·7	3,223·2	9
1864—1865	- -	15·41	1 10 ³ / ₂	—	700·9	9,875,032	1,148·3	2,836·7	10
1865—1866 *	- -	15·45	1 10 ¹¹ / ₁₆	—	722·5	6,372,894	2,018·4	3,378·2	11
1866—1867 (11 mo.)	- -	15·45	1 10 ¹¹ / ₁₆	—	579·5	4,581,472	865·5	1,903·2	12
1867 †—1868 *	- -	15·45	1 10 ¹¹ / ₁₆	—	427·1	4,775,924	699·9	1,604·6	13
1868—1869	- -	15·58	1 10 ¹ / ₂	—	382·5	5,176,976	99·79	1,398·1	14
1869—1870	- -	15·59	1 10 ¹ / ₂	1 11 ¹ / ₂	720·0	5,690,400	826·4	2,115·5	15
1870—1871	- -	15·58	1 10 ¹ / ₂	1 10 ¹ / ₂	901·0	2,782,574	266·2	1,445·5	16
1871—1872	- -	15·55	1 10 ⁹ / ₁₆	1 11 ¹ / ₈	1,070·0	3,573,778	800·0	2,227·4	17
1872—1873	- -	15·71	1 10 ⁵ / ₈	1 10 ³ / ₂	1,470·0	2,622,371	193·4	1,930·9	18
1873—1874	- -	16·00	1 9 ⁷ / ₈	1 10 ³ / ₈	1,427·0	1,648,807	414·4	2,011·2	19
1874—1875	- -	16·28	1 9 ¹ / ₂	1 10 ³ / ₁₆	1,174·0	2,089,236	605·2	1,906·5	20
1875—1876	- -	16·85	1 8 ¹³ / ₁₆	1 9 ⁹ / ₁₆	1,377·9	1,836,381	346·4	1,920·9	21
1876—1877	- -	17·56	1 7 ¹ / ₁₆	1 8 ¹ / ₂	1,485·8	1,443,711	999·2	2,648·1	
1877—1878	- -	17·37	1 8 ⁷ / ₁₆	1 8 ¹ / ₂	1,166·6	1,578,927	1,577·7	2,919·5	22
1878—1879	- -	18·33	1 7 ⁵ / ₈	1 7 ¹¹ / ₁₆	1,656·5	1,963,149	559·0	2,446·1	23
1879—1880	- -	18·18	1 7 ¹ / ₂	1 7 ¹ / ₁₆	1,835·0	2,050,892	960·5	3,035·4	24
1855—1880	- -	25 years.			19,201·2	99,541,688	23,111·9	52,503·2	25

ANNUAL AVERAGES in Periods of Five Years.

1855—1860	- -	15·30	1 10 ⁷ / ₈	2 1 ⁹ / ₁₆	98·3	3,247,262	1,089·3	1,512·4	26
1860—1865	- -	15·39	1 10 ³ / ₂	2 -	482·9	7,022,983	1,106·9	2,292·0	27
1865—1870	- -	15·50	1 10 ⁵ / ₁₆	1 11 ¹ / ₂	576·9	5,402,833	1,097·3	2,214·5	28
1870—1875	- -	15·82	1 10 ¹ / ₃	1 10 ⁹ / ₁₆	1,208·4	2,543,353	445·8	1,922·3	29
1875—1880	- -	17·66	1 7 ³ / ₁₆	1 8 ¹ / ₁₆	1,504·9	1,774,512	888·7	2,504·0	30
TOTAL in millions of Francs - - -					4,586	2,510	5,491		
					In Silver.	In Gold.	In Silver.		
					25 years.				

* To 31st of March.

† From 1st of April.

- - - - - (B.)
- - - - - COMMERCE of the BRITISH INDIAN EMPIRE.
- - - - -
- - - - - NOTE presented by Dr. O. J. Broch (page 18.)

Exportation from India of Gold and Silver.			Surplus of Remittances to India in Lakhs of Rupees.	Merchandise.			NOTES.	
Gold.	Silver.	Total in		Imports to India.	Exports from India.	Surplus of Exports.		
£. sterling.	Lakhs of Rupees.	Lakhs.	Lakhs.	Lakhs of Rupees.	Lakhs of Rupees.	Lakhs of Rupees.		
1	2,108	59.8	60.0	1,217.5	1,394.5	2,304.0	909.5	Years of the Indian Mutiny. The mutiny broke out on the 4th May 1857, and closed in July 1859.
2	84,788	116.4	124.9	1,596.4	1,419.5	2,534.0	1,114.5	
3	47,011	77.6	82.3	1,560.6	1,527.5	2,746.0	1,218.5	
4	10,886	65.1	66.2	1,217.9	2,173.0	2,936.0	813.0	
5	3,803	92.1	92.5	1,543.6	2,426.5	2,796.0	369.5	Years of the civil war in the United States. The War of Secession breaking out on the 12th April 1861, was the cause of the cotton famine in Europe, and of the considerable increase of Indian cotton.
6	9,872	110.7	111.6	956.2	2,349.4	3,297.0	947.6	
7	6,007	67.5	68.1	1,547.1	2,232.0	3,631.7	1,399.7	
8	33,410	107.7	111.1	2,606.2	2,263.2	4,736.0	2,522.8	
9	27,106	124.1	126.8	3,096.4	2,714.6	6,562.5	3,847.9	The conversion of the pound sterling into rupees has been made for the years 1855-1872, according to the proportions of— £. 1 ster. = 10 rupees. For the year 1872-1873 " 10.2 " " 1873-1874 " 10.3 " " 1874-1875 " 10.4 " " 1875-1876 " 10.7 " " 1876-1877 " 11.3 " " 1877-1878 " 11.1 " " 1878-1879 " 11.7 " " 1879-1880 " 11.7 "
10	35,068	141.0	144.5	2,692.2	2,815.1	6,802.7	3,987.6	
11	648,418	151.5	216.4	3,161.8	2,959.9	6,549.1	3,589.2	
12	739,144	169.2	243.1	1,660.1	2,701.5	4,186.0	1,484.5	
13	166,457	140.5	157.2	1,447.4	3,566.4	5,094.6	1,438.2	Years of famine in the Southern and Western parts of India. During these years there were brought to the mint at Bombay, to be converted into rupees, silver ornaments to the value of— In 1877-1878 - - 124 lakhs of rupees. In 1878-1879 - - 116 " In 1879-1880 - - 92 " Total - - 332 " Or, 3,160,000 l.
14	17,624	137.8	139.6	1,758.5	3,593.2	5,231.6	1,638.5	
15	98,283	94.4	104.2	2,011.3	3,288.0	5,247.1	1,959.1	
16	500,453	172.0	222.1	1,223.4	3,446.9	5,533.6	2,086.7	
17	8,434	148.7	149.6	2,077.8	3,209.2	6,320.9	3,111.7	Total - - 332 " Or, 3,160,000 l.
18	79,009	123.0	131.0	1,799.9	3,187.4	5,525.1	2,337.6	
19	266,169	169.2	196.6	1,814.6	3,392.0	5,499.6	2,117.6	
20	215,701	141.0	163.4	1,833.1	3,622.2	5,635.9	2,013.7	
21	1,527,000	470.2	225.0	1,695.9	3,889.2	5,809.2	1,920.0	Total - - 332 " Or, 3,160,000 l.
22	1,110,000	110.0	417.0	2,231.1	3,744.1	6,101.4	2,357.3	
23	2,359,000	163.3	233.1	2,686.4	4,146.4	6,522.2	2,375.8	
24	-	-	439.3	2,006.8	3,656.6	6,089.4	2,432.8	
25	7,996,000	3,152.8	192.9	2,842.5	3,974.2	6,717.3	2,743.1	Total - - 332 " Or, 3,160,000 l.
26	24 Years.	25 years.	48,284.7	73,682.5	124,418.9	50,736.4		
ANNUAL AVERAGES in Periods of Five Years.								
27	29,719	82.0	85.1	1,417.3	1,788.2	2,673.2	885.0	
28	22,292	110.2	112.4	2,179.6	2,474.9	5,016.0	2,541.1	
29	347,424	141.8	176.5	2,038.0	3,270.9	5,319.8	2,048.9	
30	213,953	150.8	172.5	1,749.8	3,369.6	5,703.0	2,333.4	
31	-	-	285.3	2,308.7	3,882.1	6,247.9	2,365.8	
202		749						
in gold.		in silver.						
24 Years.								

Appendix.
Section VII.

(C).

LETTER from Mr. *Chapman*, Financial Secretary to the Government of *India* to
Professor *Nasse*.

Presented by Mr. *Cernuschi* (page 49).

Financial Department of the Government of India,
25 December 1880.

My dear Professor *Nasse*,

OUR mutual friend Dr. *Brandis* sent me some time ago some questions which you had put to him about the relations of India with the silver question.

He has since sent you a paper of mine written some months ago, containing my reasons for believing* that the only possible remedy for the evils arising from the divergence of the values of the two metals from which all nations alike are suffering, is bimetallism. The point of that paper is that the supreme desideratum for all countries alike is the most stable possible standard of value, a point which appears to me to be strangely overlooked by almost all those who are wont to take part in the discussions on this important question.

I am myself convinced that what has taken place, as yet, is that gold has risen in value, or say recovered, since 1873, the value which it lost in 1848-51.

My advocacy of bimetallism is based upon the fact, which appears to me beyond dispute, that a bimetallic standard must be many times more stable than either a single gold or a single silver standard of value, and that a universal standard of value ought assuredly to be a settled international obligation.

I believe that, as being more plentiful, silver would be a less unstable universal standard than gold, but that a combination of the two metals would be infinitely superior in this essential respect to either metal alone.

Surely, the monometallists have lost sight of the true substance of the problem. Unless a fallacious definition of value be accepted, there can be no question that the value of gold must be most unstable, and that, therefore, gold must be a thoroughly bad standard of value.

Do not suppose me a protectionist in thus arguing. I am so absolute a free trader, that I should rejoice, for example, at this moment, to see the ports of India thrown open to the world without duty of any kind, except on wine and spirit, and salt. Also do not suppose that my proposal is made in the separate interest of India. On the contrary, I verily believe that if gold monometallism continues to prevail in Europe and America, or say, in France, Germany, and Great Britain, and the United States, which may be said to comprise the most civilised and wealthy parts of Europe and America, then these countries will suffer more than those who use silver, because a rising standard of value is far worse than a falling one.

I now send you some statistics which I think you will find interesting as illustrating the relations of India with this question in the past, and indicating its attitude in the future.

You say that you cannot understand the fluctuations of the payments in England on account of India. These fluctuations are easily explained. They depend only upon our debt transactions. During the past 30 years,* India has borrowed large sums of money for the construction of railways and canals, for the suppression of the mutiny of 1857, and for the relief of the people on the occurrence of famine. When money is borrowed in London, the Secretary of State uses that money for the necessities of the Home Treasury, and draws so much less upon India. The consequence is that merchants, deprived of their usual channel of remittance (the Secretary of State's bills), buy and send out silver. Even when we borrow in India, the same result follows. Almost all our subscriptions come, directly or indirectly, from London; and people either compete more actively for the Secretary of State's bills, so raising exchange, or send silver.

You will easily be able to group these phenomena in a more simple and scientific shape. In its effect upon the exchange with other countries a loan, at all events a foreign loan, raised by a nation is in every respect equivalent to the export of merchandise. Therefore, shortly, our exchanges during these 30 years have been vastly improved by the large amount that we have borrowed.

Nothing can be more certain than that, if we had not borrowed these large sums, we must either have exported so much more merchandise, or imported so much less merchandise, or gold, or silver. We could not, I believe, have exported more merchandise. Rather, inasmuch as, by the hypothesis, we should have remained without our improved communications, we should probably have been unable to export nearly so much. Therefore, equilibrium must have been adjusted through the imports, and there can, in my opinion

* The exact period is 29 years 11 months; the terminal date of our account year having been altered in 1867 from the 30th April to the 31st March.

opinion, be no doubt at all that the brunt of the reductions would have fallen, not upon the imports of merchandise, but upon the imports of the precious metals.

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Section VII.

The table brings out the remarkable fact, little observed in Europe, that one-third of our imports of the precious metals is in gold, only two-thirds being in silver. India imports gold as a luxury. It goes chiefly to the rich people, who will, to a great extent, have it anyhow. Hence I draw the further inference that, as between the two metals, the decrease, if we had not borrowed, must have fallen upon the imports of silver.

In other words, the support which the demands of India have given to the value of silver during these 30 years is due, almost wholly, to the great debt which she has incurred, and to no other cause. Silver can, of course, only come to India either on loan or in exchange for other things. If India had not been borrowing, she could not possibly have paid for the greater part of the silver which was imported during these 30 years.

Before turning to the future, I ask you to note one thing. Like France, India possesses an enormous stock of metallic money; I daresay 250,000,000 *l.* Some people assume that all this great mass of money is in circulation, and is wanted for daily purpose. There could not be a greater mistake. On the contrary, I believe that a very small portion of this money is in active circulation, not perhaps more than one-fifth part of it. The rest is all hoarded, in larger or smaller quantities, throughout the country. You will bear in mind our vast population. Almost every respectable individual amongst them owns more or less silver, in the form of either rupees or solid silver ornaments worn by his wife and children, but held always available for conversion into money on need arising.

We are now in a position to form some opinion as to the future demands of India for silver. Those who advocate the demonetisation of silver in Europe and America are in the habit of assuming that because, during these 30 years, India has absorbed large quantities of silver, therefore she will continue to do so for all time to come. This assumption has been made even in the "London Economist," and that, too, when the late Mr. Walter Bagehot was its editor. The same fallacy prevails throughout his published works; and is, indeed, a stock refuge of all opponents of bimetallism.

There is no shadow of foundation for this assumption. Those who make it forget that till India began to borrow for the construction of her railways, her imports of the precious metals were insignificant; only about two or three millions sterling a year. They forget that a country can absorb neither silver nor anything else with any benefit to the rest of the world, unless in exchange for some equivalent more valued by other countries; and they neglect to inquire whether there is no explanation of the great flow of silver to India during the last 30 years, on which they found expectations which have so important a bearing on the course they advocate.

From what I have said, it will, I think, appear beyond dispute that the answer to the question, whether India will continue to absorb silver in the future as she has done in the recent past, or to what extent she will so absorb it, depends exclusively upon the answer to the previous question, to what extent she is likely to increase her debt.

Now, I have explained that the large amount which India has borrowed during these 30 years is explained by—

- (1.) The construction of her railways and canals, which have cost 170½ millions sterling, namely,—

Railways	-	-	-	-	-	-	-	-	144½ millions.
Canals, &c.	-	-	-	-	-	-	-	-	25½ „
TOTAL									170½

- (2.) The suppression of the mutiny of 1857, which cost a very large sum;
(3.) The frequent occurrence of famine and war, which have cost together 33 millions during the last eight years alone.

I mention a further cause, not connected with the public debt, namely, the cotton famine resulting from the civil war in the United States, which enormously inflated the price of Indian cotton, and added millions to the wealth of India. Obviously, such a windfall for India as that cannot be expected to recur.

We may also, I think, hope that there will be no repetition of such a convulsion as the mutiny. The future of the British Indian Empire in this, as in other respects, is in the hands of God; but, so far as human foresight goes, there is no reason for anticipating the recurrence of such a catastrophe.

Further, I think that those who count upon India absorbing silver *ad libitum* cannot wisely anticipate the recurrence of such a conflict as the recent costly war in Afghanistan

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No other so costly a war as occurred in the last 30 years; and, subject always to the will of God, I do not apprehend any other for the present.

As to railways and canals, India is now supplied with her principal requirements in this respect, the main trunk lines being complete. An incalculable amount of capital may, I believe, still be profitably invested in subsidiary railways in India. I look for the general recognition of the wisdom of that policy in which France is taking the lead, of extending railway communication throughout the length and breadth of every country, and I contemplate, with sanguine anticipations, the adoption of this policy in India, and the abandonment of the present retrograde and, as I think, unwise policy, by which ridiculously narrow limits have been imposed upon the material development for which India is literally crying aloud. With the most ordinary prudence, it is scarcely possible to make a railway in India which does not yield a prompt and rich return. As soon as this is perceived, as it must speedily be perceived, and as soon as the really prosperous condition of the Indian finances is understood, as it must speedily be understood beyond all cavil, I make bold to expect a relegation of the present pusillanimous policy to the limbo of obsolete superstitions.

But, meanwhile, India is bound in swaddling bands, and Great Britain has forbidden the expenditure of more than 2½ millions a year upon her material development; and even when Great Britain regains her senses on this subject, there is no probability of a yearly expenditure on such objects on anything like the scale of the last 30 years.

What is to be said about famine? During the last eight years the expenditure for the relief of the people from the effects of famine, and the loss of revenue from this cause, have amounted to 15,646,214 l., or no less than 1,955,777 l. a year. I cannot foretell future seasons; but I do not think that we need expect that the experience of these eight years will be, in this respect, permanently repeated; and I am confident that, as communications are improved, the relief of famine will be facilitated, and become less costly; nay that, in time, these means, and the growing prosperity of the country, will prevent the occurrence of famine in India as completely as they have already prevented this great scourge in Europe.

I admit that our exports are likely to expand rapidly; but I expect an at least equivalent expansion of our imports of merchandise. I come, now, to the end of this long letter. Fully hoping that we shall spend, in the future, much more than we are now doing on the material development of India, and granting that we must, for some time to come, expect to bear a heavy burden for the relief of famine, I have to inquire what is the amount which India is likely to borrow in the future.

In considering this question, the first thing necessary is to form a judgment upon the present financial condition of British India. Upon this point, I must not weary you with too many details. Suffice it to say (1) that, after the most rigid exclusion of all items which do not properly belong to these years, I find that the revenues of the two years 1879-80 and 1880-81 have exceeded the public expenditure, with the exception of the expenditure of war and famine, by no less than 4½ millions sterling a year; (2) that the revenues of India, so often stigmatised as inelastic, have grown during the past 12 years by no less than nine millions sterling a year, and present every appearance of a further healthy development; (3) that the public expenditure during the same period has increased by only 3½ millions, of which 2½ millions is due to the (by the Government of India) uncontrollable accident of the disturbance of the relations of gold and silver; (4) that the public expenditure presents no appearance of further development to correspond with the prospect of the growth of the revenue; (5) that there is no true foundation whatever for the common prejudice, that the people of India are heavily taxed. There has been literally no increase of taxation, on the whole, during the past 12 years, but rather a diminution. The share of the annual income of the country appropriated by the State has most certainly largely diminished, and is still rapidly diminishing. The growth of the revenues aforesaid is due not to any added burdens, but to such items as the growth by two millions sterling a year of the opium revenue, which is scarcely a tax upon India at all; the growth of the earnings of the railways by three millions; and the greater productiveness of the land revenue, the excise, and stamps and registration.

These things being so, what are our prospective demands upon the money market for loans? I have no hesitation in saying that the probability is altogether against any present rapid increase of our debt; nay, unless the Government sees fit to reduce taxation (and there is no pressing need for such reduction except for purposes of scientific fiscal reform, such as the abolition of the customs duties and of such a tax as the capitation tax in Burma), unless, I say, the Government reduce taxation, it is much more likely that India will now begin to repay debt than that she will borrow afresh.* I have shown that the importation of silver into India is almost wholly due to her borrowing. Conversely, if she should repay debt, the tendency must rather be for her to re-export some part of the great hoard of silver which she has been accumulating. At all events, in my opinion
(I cannot

* Note.—I cannot, however, say confidently that we shall close the Afghan war without any further loan.

(I cannot say whether you will concur in it), there is no prospect whatever of the value of silver receiving much support hereafter, by reason of demands for this metals from British India.

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This is the upshot of the whole matter which I am anxious to impress upon you, and through you, if you should think fit, upon those in Germany who, in opposing international bimetallism, count upon India relieving Europe and America from the remaining stock of silver which, unless bimetallism is, internationally, adopted, they must soon discard.

Depend upon it a universal international bimetallic standard of value is the only complete, the only true remedy for the evils under which all alike are suffering from that recent disturbance of the standard of value, which, you will pardon me for saying, the world owes to the action of Germany alone. That disturbance, in truth, affects gold quite as much as silver; I believe more so. Its effects are very far indeed from being exhausted. What is Germany going to do with her 25,000,000 *l.* of thalers? • What is France going to do with her 80,000,000 *l.* of standard silver money, 50,000,000 *l.* of which are accumulated in the Bank of France alone? What is America going to do with her constantly accumulating "dollars of her fathers"? And what will British India do if any attempt is made by these nations to disembarass themselves of their great silver incumbrances? Unless the only possible remedy is applied, namely, the readmission of silver to that sphere of employment from which it has been arbitrarily expelled, there lies before the civilised world a period of incalculable loss and suffering.

You may make what use you like of this letter, understanding, however, clearly that it possesses no authority, apart from the truth that it contains, and, in particular, that I have not been authorised by my Government to write it, and in fact that the Government of India does not know that I have written it.

To Professor Nasse, Bonn.

I am, &c.
(signed) *R. B. Chapman.*

Appendix.
Section VII.

PRINCIPAL ITEMS of the Account of *British India* with Countries beyond
In Crores and Lakhs of Rupees 0000's omitted.

Y E A R S.	Declared Value of Merchandise Imported.	Net Current Disbursements from the Home Treasury, excluding Debt and Railway Capital Transactions. (Sterling 0000's omitted.)	Figures in Column 3 converted into Rupees at the Average Rate of Exchange for Secretary of State's Bills.	Net Receipts in India on account of England (excluding Bills and Railway Capital Transactions).	Net Value of Gold Imported.	Net Value of Silver Imported.	Net Value of Gold and Silver Imported.	TOTAL of Columns 2, 4, 5, and 8.
1.	2.	3.	4.	5.	6.	7.	8.	9.
1850-1851	11,56	2,98	2,89	36	1,15	2,12	3,27	18,08
1851-1852	12,24	3,31	2,81	50	1,27	2,87	4,14	19,69
1852-1853	10,07	3,68	3,21	51	1,17	4,60	5,77	19,56
1853-1854	11,12	4,03	8,98	1,19	1,06	2,31	3,37	19,66
1854-1855	12,74	3,77	3,87	43	73	3	76	17,80
1855-1856	13,94	4,47	4,53	74	2,51	8,19	10,70	29,91
1856-1857	14,19	4,80	4,78	31	2,09	11,07	13,16	32,44
1857-1858	15,28	5,60	5,49	14	2,78	12,22	15,00	35,91
1858-1859	21,73	10,33	9,59	1,10	4,43	7,73	12,16	44,58
1859-1860	24,27	9,12	8,40	50	4,28	11,15	15,43	48,60
1860-1861	23,49	8,32	7,66	—58	4,23	5,33	9,56	40,13
1861-1862	22,32	8,07	8,11	73	5,18	9,09	14,27	45,43
1862-1863	22,63	8,80	8,83	94	6,85	12,55	19,40	51,80
1863-1864	27,14	8,79	8,82	78	8,90	12,80	21,70	58,44
1864-1865	28,15	9,37	9,40	92	9,84	10,08	19,92	58,39
1865-1866	29,60	40,15	10,23	65	5,72	18,67	24,39	64,87
1866-1867 (11 months)	29,04	8,71	9,03	—64	3,84	6,96	10,80	48,23
1867-1868	35,71	10,28	10,59	91	4,61	5,59	10,20	57,41
1868-1869	35,99	7,05	7,31	65	5,16	8,60	13,76	57,71
1869-1870	32,98	11,00	11,34	33	5,59	7,32	12,91	57,51
1870-1871	34,47	11,26	11,96	91	2,28	94	3,22	50,56
1871-1872	32,09	12,03	12,52	80	3,57	6,53	10,10	55,51
1872-1873	31,87	11,79	12,40	41	2,54	72	3,26	47,94
1873-1874	33,82	12,19	13,09	1,20	1,38	2,50	3,88	51,99
1874-1875	36,22	11,72	12,66	1,24	1,87	4,64	6,51	56,63
1875-1876	38,89	11,98	13,39	1,01	1,54	1,56	3,10	56,39
1876-1877	37,44	12,91	14,12	1,56	21	7,20	7,41	60,53
1877-1878	41,46	13,15	15,18	96	47	14,68	15,15	72,75
1878-1879	37,80	13,79	16,75	78	—90	3,97	3,07	58,40
1879-1880	41,17	11,82	14,21	43	1,75	7,87	9,62	65,43
TOTAL	7,99,37	2,65,27	2,77,15	19,77	96,10	2,09,89	3,05,99	14,02,28

The figures in this Table may be thrown

EXPORTS AND RE-EXPORTS (Column 10)	- - - - -	13,42,57
NET PUBLIC DEBT INCURRED :		
In England (Column 12)	- - - - -	1,65,83
In India (Column 13)	- - - - -	40,12
		2,05,95
TOTAL	- -	15,48,52

Sea for the Twenty-nine Years and Eleven Months ending 31st March 1880.

Thus 11,56 = Rs. 11,56,00,000.

	Declared Value of Merchandise Exported and Re-exported.	Net Sterling Debt incurred, including Guaranteed Railway Capital raised. (0000's omitted.)	Net Sterling Debt Converted into Rupees at the Average Rate of Exchange for Secretary of State's Bills.	Net Rupee Debt Incurred.	TOTAL Net Debt Incurred (Columns 12 and 13).	TOTAL of Columns 10 and 14.	Difference between Columns 9 and 15.	Difference between Columns 8 and 14.	Secretary of State's Bills Paid.	Average Rate of Exchange for Secretary of State's Bills.
	10.	11.	12.	13.	14.	15.	16.	17.	18.	19.
										Pence.
1	18,16	45	43	1,01	1,44	19,60	-1,52	1,83	3,14	24.75
2	19,88	29	28	-21	7	19,95	-26	4,07	2,75	24.12
3	20,46	38	38	64	1,02	21,48	-1,02	4,75	3,33	23.88
4	19,30	63	62	2,19	2,81	22,11	-2,45	56	3,41	24.26
5	18,93	3,42	3,51	-5,67	-2,16	16,77	+1,03	2,92	3,63	23.88
6	23,04	3,58	3,63	1,80	5,43	28,47	+1,44	5,27	1,80	23.63
7	25,34	3,34	3,32	1,32	4,64	29,98	+2,46	8,52	2,91	24.08
8	27,46	7,75	7,60	7,75	15,35	42,81	-6,90	-35	1,28	24.46
9	29,86	13,63	12,66	5,41	18,07	47,93	-3,35	-5,91	5	25.83
10	27,96	16,64	15,32	5,21	20,53	48,49	+11	-5,10	1	26.06
11	32,97	9,55	8,80	79	9,59	42,56	-2,43	-3	-	26.03
12	36,32	12,31	12,38	-	12,38	48,70	-3,27	1,89	77	23.87
13	47,86	3,53	3,54	-	3,54	51,40	+40	15,86	5,94	23.92
14	65,62	61	61	-35	26	65,88	-7,44	21,44	9,41	23.93
15	68,03	3,94	3,96	-3	3,93	71,96	-13,57	15,99	7,18	23.90
16	65,49	5,06	5,10	-1,04	4,06	69,55	-4,68	20,33	6,42	23.77
17	41,86	9,51	9,85	46	10,31	52,17	-3,94	49	5,94	23.16
18	50,87	10,25	10,55	68	11,23	62,10	-4,69	-1,03	3,82	23.30
19	53,06	7,42	7,70	-29	7,41	60,47	-2,76	6,35	4,60	23.12
20	52,47	8,31	8,57	2,14	10,71	63,18	-5,67	2,20	5,88	23.27
21	55,34	10,03	10,65	1,22	11,87	67,21	-16,65	-8,65	9,71	22.60
22	63,21	5,10	5,31	1,16	6,47	69,68	-14,17	3,63	9,96	23.05
23	55,25	94	99	-27	72	55,97	-8,03	2,54	15,06	22.81
24	55,00	1,28	1,37	-4	1,33	56,33	-4,34	2,55	14,26	22.35
25	56,36	5,86	6,33	3,40	9,73	66,09	-9,46	-3,22	12,00	22.22
26	58,09	2,89	3,20	2,91	6,11	64,20	-7,81	-3,01	14,50	21.65
27	61,01	6,49	7,60	-85	6,75	67,76	-7,23	66	14,49	20.49
28	65,22	6,56	7,57	3,06	10,63	75,85	+3,10	4,52	10,32	20.79
29	60,94	1,24	1,50	3,85	5,35	66,29	-7,89	-2,28	17,47	19.76
30	67,21	2,08	2,50	3,87	6,37	73,58	-8,18	3,25	17,89	19.96
31	13,42,57	1,63,07	1,65,83	40,12	2,05,95	15,48,52	-1,46,24	1,00,04	2,07,94	22.29

into an equation as follows:—

£. 198,160,000 = Rs. 2,07,94,00,000.

IMPORTS:—		
Merchandise (Column 2) - - - - -	7,99,37	
Precious Metals (net) (Column 8) - - - - -	3,05,99	
		11,05,36
HOME SERVICES (Column 4) - - - - -	2,77,15	
Net Receipts in India on account of Great Britain (Column 5) -	19,77	
		2,96,92
BALANCE Net Result of all Transactions not included in this Table -	-	1,46,24 or on an average 4.87 a year.
TOTAL - - -	15,48,51	

Appendix.

Section VIII.

SECTION VIII.

MISCELLANEOUS STATISTICS.

Presented by Dr. Broch (page 19).

(A.)—RELATION of the Price of GOLD to that of SILVER according to the

Years.	January.	February.	March.	April.	May.	June.	
1845 - - -	15·85	15·92	15·95	16·05	16·22	15·98	1
1846 - - -	15·90	15·92	15·92	15·95	15·98	15·98	2
1847 - - -	15·68	15·62	15·62	15·65	15·98	15·97	3
1848 - - -	15·95	15·90	15·93	15·95	15·97	15·85	4
1849 - - -	15·97	15·78	15·72	15·75	15·75	15·82	5
1850 - - -	15·82	15·82	15·82	15·82	15·82	15·82	6
1851 - - -	15·30	15·32	15·33	15·33	15·43	15·43	7
1852 - - -	15·52	15·59	15·62	15·68	15·75	15·73	8
1853 - - -	15·36	15·38	15·36	15·36	15·41	15·46	9
1854 - - -	15·27	15·29	15·26	15·26	15·27	15·36	10
1855 - - -	15·33	15·32	15·36	15·52	15·43	15·33	11
1856 - - -	15·40	15·38	15·47	15·46	15·43	16·43	12
1857 - - -	15·19	15·24	15·27	15·27	15·33	15·26	13
1858 - - -	15·35	15·27	15·32	15·36	15·33	15·33	14
1859 - - -	15·24	15·27	15·26	15·18	15·12	15·19	15
1860 - - -	15·18	15·19	15·18	15·29	15·30	15·40	16
1861 - - -	15·38	15·41	15·24	15·44	15·43	15·57	17
1862 - - -	15·35	15·32	15·38	15·41	15·40	15·33	18
1863 - - -	15·29	15·33	15·33	15·43	15·38	15·35	19
1864 - - -	15·23	15·33	15·33	15·54	15·46	15·40	20
1865 - - -	15·33	15·35	15·41	15·54	15·54	15·57	21
1866 - - -	15·32	15·43	15·47	15·65	15·32	15·19	22
1867 - - -	15·49	15·53	15·52	15·46	15·55	15·59	23
1868 - - -	15·62	15·59	15·54	15·55	15·59	15·62	24
1869 - - -	15·53	15·49	15·57	15·57	15·65	15·68	25
1870 - - -	15·57	15·60	15·59	15·61	15·60	15·60	26
1871 - - -	15·57	15·58	15·61	15·66	15·66	15·63	27
1872 - - -	15·50	15·45	15·51	15·57	15·68	15·70	28
1873 - - -	15·75	15·75	15·75	15·78	15·82	15·88	29
1874 - - -	16·05	16·05	16·00	16·01	16·06	16·06	30
1875 - - -	16·38	16·42	16·51	16·47	16·61	16·74	31
1876 - - -	16·98	17·32	17·67	17·55	17·80	17·24	32
1877 - - -	16·35	16·54	17·16	17·40	17·42	17·59	33
1878 - - -	17·53	17·38	17·30	17·44	17·62	17·76	34
1879 - - -	18·84	18·88	19·03	18·97	18·47	18·18	35
1880 - - -	17·96	18·05	18·14	18·13	18·09	17·97	36

- - - - - SECTION VIII. -
- - - - - MISCELLANEOUS STATISTICS.
- - - - - Presented by Dr. Broch (page 19).

Monthly Avearge Price of Silver in the London Market, by Dr. O. J. Broch.

	July.	August.	September.	October.	November.	December.	Annual Average.
1	15.95	15.88	15.88	15.82	15.80	15.92	15.93
2	15.97	15.95	15.95	15.92	15.73	15.68	15.91
3	15.92	15.73	15.78	15.92	15.95	15.95	15.82
4	15.85	15.77	15.78	15.77	15.83	15.85	15.87
5	15.82	15.77	15.80	15.88	15.85	15.85	15.81
6	15.78	15.73	15.72	15.65	15.52	15.33	15.72
7	15.52	15.49	15.57	15.65	15.62	15.52	15.53
8	15.64	15.62	15.62	15.49	15.32	15.35	15.58
9	15.35	15.30	15.21	15.40	15.14	15.27	15.33
10	15.36	15.40	15.36	15.40	15.36	15.32	15.33
11	15.33	15.33	15.29	15.36	15.41	15.36	15.36
12	15.40	15.35	15.24	15.21	15.15	15.18	15.34
13	15.29	15.24	15.32	15.26	15.29	15.26	15.27
14	15.44	15.47	15.51	15.40	15.29	15.30	15.36
15	15.13	15.21	15.27	15.21	15.21	15.21	15.21
16	15.44	15.36	15.30	15.29	15.32	15.35	15.30
17	15.67	15.64	15.57	15.52	15.47	15.43	15.48
18	15.46	15.41	15.38	15.33	15.21	15.29	15.36
19	15.44	15.46	15.43	15.38	15.35	15.35	15.38
20	15.41	15.38	15.33	15.46	15.47	15.39	15.39
21	15.55	15.54	15.51	15.44	15.10	15.32	15.43
22	15.35	15.57	15.51	15.46	15.47	15.49	15.44
23	15.59	15.60	15.63	15.61	15.66	15.61	15.57
24	15.61	15.64	15.66	15.64	15.59	15.54	15.61
25	15.64	15.64	15.60	15.61	15.59	15.59	15.60
26	15.45	15.59	15.62	15.59	15.56	15.58	15.60
27	15.57	15.54	15.52	15.60	15.50	15.52	15.58
28	15.68	15.68	15.61	15.70	15.85	15.79	15.64
29	15.90	15.96	16.00	16.05	16.26	16.25	15.93
30	16.96	16.26	16.32	16.33	16.26	16.40	16.16
31	16.90	16.76	16.63	16.56	16.61	16.74	16.63
32	19.59	18.07	18.21	17.96	17.50	16.65	17.80
33	17.44	17.42	17.32	17.13	17.30	17.20	17.19
34	17.92	17.97	18.33	18.71	18.65	18.87	17.96
35	18.18	18.29	18.29	18.11	17.66	17.94	18.39
36	17.90	17.90	18.02	18.11	18.22	18.19	18.06

Presented by Mr. Cernuschi (page 45).

(B).—TABLE showing the Monthly Notations, in London, in the Price of

YEARS.	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	
1833 - - -	58 7/8	58 3/4	58 3/4	58 7/8	58 7/8	58 7/8	59 1/8 — 59 1/4	59 3/8	59 1/2	59 3/4	1
1834 - - -	59 7/8	59 7/8	60	59 3/4	59 3/4	59 4/4	60 1/8 — 60 1/4	60 1/4	60 3/8	59 3/4	2
1835 - - -	59 7/8	60	60	59 3/4	59 3/4	59 5/8 — 59 3/4	59 3/4	59 1/4	59 5/8	59 5/8	3
1836 - - -	59 5/8 — 59 3/4	59 3/4 — 60	59 5/8 — 60 1/8	59 3/8 — 59 3/4	60	60 1/8	60 — 60 1/4	60 1/4 — 60 3/8	60 1/8 — 60 3/8	60 1/8 — 60 1/4	4
1837 - - -	60 1/4 — 60 3/8	60	60	59 1/2 — 59 7/8	59 1/2 — 59 3/4	56 1/4	59 1/4 — 59 5/8	59 — 59 5/8	59 1/4 — 59 1/2	59 1/5 — 59 1/4	5
1838 - - -	59 1/2	59 1/2	59 1/2	59 3/8 — 59 1/2	59 3/8	59 3/8	59 3/8	59 3/8	59 1/2	59 1/2	6
1839 - - -	60 3/8 — 60 5/8	60 5/8	60 1/4 — 60 5/8	60 — 60 1/4	60 1/4 — 60 3/8	60 3/8	60 3/8 — 60 1/2	60 3/8	60 1/2	60 1/2	7
1840 - - -	60 1/4 — 60 1/2	60 1/4	60 1/4 — 60 3/8	60 1/4 — 60 1/2	60 1/8 — 60 1/4	60 1/4	60 1/8 — 60 1/4	60 1/4 — 60 3/8	60 1/2 — 60 5/8	60 1/2 — 60 3/4	8
1841 - - -	60 3/8	60 3/8	60	60	60 1/4	60 1/8 — 60 1/4	59 7/8 — 60	60 1/8	60 1/8	59 3/4 — 59 7/8	9
1842 - - -	59 5/8	59 3/8 — 59 1/2	59 3/8	59 1/4 — 59 3/8	59 3/8 — 59 1/2	59 3/4 — 60	59 3/4	59 5/8 — 59 3/4	59 3/8 — 59 5/8	59 1/8 — 59 1/4	10
1843 - - -	59 1/8 — 59 5/8	59 — 59 1/4	59 — 59 1/8	59 1/8	59 1/8	59 1/8 — 59 1/4	59 1/4	59 1/4	59 1/4	59 1/4	11
1844 - - -	59 1/4 — 59 3/8	59 3/8	59 1/4	58 3/8	59 1/2	59 5/8	60 5/8 — 59 3/4	59 3/4	59 3/8	59 5/8	12
1845 - - -	59 1/4	59 1/8 — 59 1/4	58 7/8 — 59 1/8	58 7/8	58 7/8 — 59 1/4	59 — 59 1/4	59 1/8 — 59 1/4	59 3/8 — 59 5/8	59 3/4	59 1/2 — 59 7/8	13
1846 - - -	59 1/4	59 1/4	59 1/4	59	59	59	59 1/8	59 1/8	59 1/8	59 1/4 — 59 3/8	14
1847 - - -	60 1/8 — 60 3/8	60 3/8	60 3/8	58 7/8 — 60 3/8	58 7/8 — 59 1/4	59 — 59 7/8	59 7/8 — 60	59 3/4 — 60	59 5/8 — 59 3/4	59 1/4 — 59 1/2	15
1848 - - -	59 1/8 — 59 1/4	59 1/4 — 59 3/8	59 1/8 — 59 1/4	58 1/2 — 59 1/2	59 1/2 — 60	59 1/2 — 59 5/8	59 1/2 — 59 7/8	59 5/8 — 59 7/8	59 7/8	59 1/2 — 59 7/8	16
1849 - - -	59 5/8 — 59 3/4	59 3/4	60 — 60 1/8	59 7/8 — 60	59 7/8	59 1/2 — 59 7/8	59 5/8 — 59 3/4	59 3/4 — 59 7/8	59 1/2 — 59 3/4	59 3/8 — 59 1/2	17
1850 - - -	59 5/8 — 59 3/4	59 1/2 — 59 5/8	59 3/8 — 59 3/4	59 5/8	59 5/8	59 5/8	59 5/8 — 59 7/8	59 7/8	60 — 60 1/8	60 1/8 — 60 3/8	18
1851 - - -	61 5/8	61 1/2 — 61 5/8	61 1/2	61 1/2	61 1/8 — 61 1/2	60 7/8 — 61 1/8	59 3/4 — 61	60 3/4 — 61	60 1/2 — 60 3/4	60 — 60 5/8	19
1852 - - -	60 1/2 — 60 3/4	60 1/2	60 3/8	59 7/8 — 60	59 7/8	59 7/8 — 60 1/4	60 3/8	60 3/8	60 3/8	60 3/4 — 61 1/8	20
1853 - - -	61 3/8	61 3/8	61 3/8	61 3/8	60 5/8 — 61 3/8	60 5/8 — 61 1/8	61 1/8 — 61 1/2	61 1/8 — 61 7/8	61 7/8 — 62 1/8	61 7/8 — 62 1/8	21
1854 - - -	61 1/2 — 61 3/4	61 5/8	61 7/8	61 5/8 — 61 7/8	61 7/8 — 61 3/4	61 1/4 — 61 1/2	61 1/4	61 1/4	61 — 61 1/2	61 1/8 — 61 3/8	22
1855 - - -	61 1/2 — 61 5/8	61 1/2 — 61 5/8	60 7/8	60 5/8	61 1/4 — 61 3/8	61 1/2	61 1/2 — 61 5/8	61 3/4	61 1/2	61 1/2	23
1856 - - -	60 7/8 — 61 1/4	61 1/8 — 61 3/8	60 1/2 — 61	60 1/2 — 61	61 — 61 1/8	60 3/4 — 61 1/4	60 7/8	61 1/4 — 61 5/8	61 5/8 — 62 1/4	62	24
1857 - - -	62 1/4	61 1/2 — 61 7/8	61 3/8 — 61 3/4	61 3/8 — 61 3/4	61 — 61 1/2	61 7/8	61 1/2 — 61 7/8	61 3/4 — 62	61 1/2	61 7/8	25
1858 - - -	61 1/2	61 3/8 — 61 7/8	61 3/8	61 1/4 — 61 3/8	61 1/2 — 61 7/8	61 3/8 — 61 1/2	61 1/4 — 61 3/8	60 3/4 — 61	60 3/4	61 1/8 — 61 1/2	26
1859 - - -	61 3/4 — 62	61 3/4	61 3/4 — 62 3/4	61 7/8 — 62 3/8	62 1/4 — 62 3/8	62 — 62 1/4	62 — 62 3/4	61 3/4 — 62	61 3/4 — 62	61 7/8 — 62	27
1860 - - -	62 — 62 3/8	62 — 62 1/8	61 3/4 — 62 1/8	61 3/4	61 5/8	61 5/8 — 61 3/4	61 1/2	61 3/4 — 61 5/8	61 5/8	61 5/8 — 61 3/4	28
1861 - - -	61 1/4 — 61 3/8	61 1/8 — 61 1/4	60 5/8 — 61	60 7/8 — 61 3/4	60 3/4 — 60 7/8	60 3/8 — 60 5/8	60 1/8 — 60 1/4	60 1/4 — 60 1/2	60 1/4 — 60 7/8	60 5/8 — 60 3/4	29
1862 - - -	61 — 61 5/8	61 1/2 — 61 3/4	61 1/4 — 61 3/8	61 1/8 — 61 1/4	61 1/4 — 61 5/8	61 — 61 5/8	61 — 61 1/8	61 1/4 — 61 3/8	61 1/4 — 61 3/8	61 1/4 — 61 7/8	30
1863 - - -	61 5/8 — 61 3/4	61 1/2 — 61 5/8	61 3/8 — 61 1/2	61 — 61 3/8	61 1/4 — 61 5/8	61 — 61 5/8	61 — 61 1/4	61 — 61 1/8	61 1/8 — 61 3/8	61 1/4 — 61 5/8	31
1864 - - -	61 7/8 — 62 1/2	61 1/4 — 61 7/8	61 1/2 — 61 3/4	61 1/4 — 61 7/8	60 7/8 — 61 1/8	61 1/8 — 61 3/8	61 1/8 — 61 5/16	61 — 61 1/2	61 3/8 — 61 5/8	60 5/8 — 61 1/4	32
1865 - - -	61 1/2 — 61 5/8	61 3/8 — 61 1/2	61 — 61 3/8	60 5/8	60 9/16 — 60 3/4	60 1/2 — 60 3/4	60 1/2 — 60 3/4	60 3/4 — 60 7/8	60 5/8 — 61	61 1/8 — 61 1/4	33
1866 - - -	61 3/8 — 61 3/4	60 7/8 — 61 1/2	60 7/8 — 61	61 — 61 1/2	61 — 62	61 5/8 — 62 1/4	60 5/8 — 61 3/4	60 3/8 — 60 5/8	60 3/4 — 61	60 7/8 — 61	34
1867 - - -	60 7/8	60 3/4	60 5/8 — 60 3/4	60 3/4 — 61 1/4	60 3/8 — 60 3/4	60 3/8 — 60 1/2	60 1/2	60 3/8 — 60 1/2	60 5/16 — 60 5/8	60 3/8 — 60 1/2	35
1868 - - -	60 3/8 — 60 7/8	60 3/8 — 60 1/2	60 1/2 — 61 1/8	60 1/2 — 60 5/8	60 3/8 — 60 5/8	60 3/8	60 3/8 — 60 7/16	60 1/8 — 60 3/8	60 1/8 — 60 1/4	60 1/4 — 60 1/2	36
1869 - - -	60 5/8 — 60 7/8	60 3/4 — 61	60 1/2 — 60 3/4	60 1/2 — 60 5/8	60 — 60 3/8	60 — 60 1/4	60 1/4 — 60 5/16	60 1/4 — 60 3/8	60 3/8 — 60 1/2	60 3/8 — 60 1/2	37
1870 - - -	60 1/2 — 60 3/4	60 3/8 — 60 1/2	60 3/8 — 60 5/8	60 3/8 — 60 1/2	60 3/8 — 60 1/2	60 3/8 — 60 1/2	60 1/2 — 62	60 1/8 — 60 5/8	60 1/4 — 60 3/8	60 3/8 — 60 5/8	38
1871 - - -	60 1/2 — 60 5/8	60 1/2 — 60 5/8	60 3/8 — 60 1/2	60 3/16 — 60 1/4	60 3/16 — 60 1/4	60 3/8 — 60 9/16	60 1/2 — 60 5/8	60 5/8 — 60 3/4	60 5/8 — 60 13/16	60 1/4 — 60 5/8	39
1872 - - -	60 5/8 — 60 1/8	60 3/4 — 61 1/8	60 3/4 — 60 7/8	60 1/4 — 60 7/8	60 1/16 — 60 1/2	60 — 60 1/8	60 1/16 — 60 3/16	60 — 60 1/4	60 5/16 — 60 7/16	60 — 60 1/4	40
1873 - - -	59 3/4 — 59 15/16	59 3/4 — 59 15/16	59 3/4 — 59 7/8	59 3/4	59 3/8 — 59 7/8	59 5/16 — 59 1/2	59 5/16 — 59 3/8	58 13/16 — 59 3/16	58 13/16 — 59 1/8	58 1/2 — 59	41
1874 - - -	58 — 59 1/2	58 1/2 — 59	58 1/2 — 59 3/8	58 9/16 — 59 1/4	58 1/2 — 58 7/8	58 1/2 — 59	58 1/4 — 58 1/2	57 7/8 — 58 1/8	57 5/8 — 58	57 5/8 — 57 13/16	42
1875 - - -	57 1/2 — 57 5/8	57 3/8 — 57 1/2	57 — 57 1/4	57 1/8 — 57 3/8	56 1/2 — 57	55 1/2 — 55 7/8	55 1/4 — 55 7/8	56 — 56 5/8	56 11/16 — 56 3/4	56 3/4 — 57 1/8	43
1876 - - -	54 7/8 — 56 1/8	53 — 54 7/8	52 1/2 — 54 1/4	53 1/2 — 54	52 — 54	50 — 52	46 3/4 — 51 1/2	50 1/4 — 53 3/4	51 2/8 — 52 9/16	52 — 53 5/8	44
1877 - - -	56 7/8 — 58 1/4	56 — 57 3/4	53 1/4 — 56 1/8	53 1/2 — 55	53 5/8 — 54 5/8	53 1/2 — 54	53 7/8 — 54 1/2	54 — 54 1/4	54 1/4 — 55 1/4	54 5/8 — 55 5/8	45
1878 - - -	53 1/2 — 54	53 15/16 — 55 1/4	54 1/8 — 55	53 7/8 — 54 1/4	53 1/4 — 53 7/8	52 1/2 — 53 7/16	52 5/16 — 52 13/16	52 1/8 — 52 3/4	51 1/2 — 52 1/8	49 1/2 — 51 9/16	46
1879 - - -	49 5/8 — 51	49 1/2 — 50 1/4	48 7/8 — 50 1/4	49 1/2 — 50 1/8	50 — 51 3/4	51 1/2 — 53	51 — 52 1/8	51 1/8 — 51 7/8	51 3/8 — 51 5/8	51 9/16 — 53 3/4	47
1880 - - -	52 1/4 — 52 3/4	52 — 52 9/16	51 3/4 — 52 1/2	51 3/4 — 52 1/4	52 1/16 — 52 1/4	52 3/16 — 52 7/8	52 1/2 — 52 7/8	52 1/2 — 52 7/8	52 1/8 — 52 5/8	51 13/16 — 52 5/16	48

* Including Bills on China, for this year only. The East India Company had the monopoly of the trade with China up to 1883.

Presented by Mr. Cernuschi (page 45).

BAR SILVER per Ounce Standard, from January 1833 to December 1880.

	November.	December.	Yearly Average.	Silver Coined in England.	Amount of Bills Drawn in England on Indian Government.	Export of Silver to the East.	Imports of Silver in Bars and Coins.	Average Bank Rate of Discount.	REMARKS.
			£.	£.	£.	£.	£.		
1	59 7/8	59 7/8	59 3/16	145	* 55,510	† 1,895,023	-	-	Continuance of East India Company. Slavery abolished. Compensation to owners, 20,000,000 <i>l.</i> Renewal of Bank Charter. Bank notes a legal tender.
2	59 3/4	59 3/4 — 59 7/8	59 15/16	432,775	398,253	2,146,465	-	-	Great importation of gold into New York. Substitution of metallic currency for paper in the United States.
3	59 1/2	59 5/8	59 11/16	146,675	732,803	2,036,167	-	-	Extinction of United States National Debt. Bank of United States wound up, owing to refusal of Congress to re-charter it.
4	60 1/8	59 7/8 — 60	60	497,719	2,045,254	2,610,101	-	-	Banking and commercial embarrassments in United States. Spanish civil war.
5	59 1/4 — 59 1/2	59 1/2	59 9/16	75,385	2,042,232	3,010,190	-	-	Commencement of panic in London. Discounts refused. Many houses trading with the United States stop payment. Accession of Queen Victoria. Rebellion in Canada. Resumption of specie payments in United States. Famine in various parts of British India. Afghan war.
6	59 1/2 — 59 3/4	60 — 60 1/8	59 1/2	174,042	1,706,184	1,945,264	-	-	Banks in United States suspend payments in specie. War with China.
7	60 1/4 — 60 1/2	60 1/4	60 3/8	390,654	2,346,592	1,780,253	-	5 1/2 per cent.	Misunderstanding with France. Treaty of London for settlement of Eastern Question.
8	60 1/2	60 1/4 — 60 1/2	60 3/8	207,900	1,439,525	1,841,335	-	5	Great depression in every branch of manufacturing industry.
9	59 7/8	59 3/4	60 1/16	89,641	1,174,450	3,143,292	-	5	Peace with China. Income Tax Act passed.
10	59 1/4 — 59 3/8	59 1/8 — 59 1/4	59 7/16	192,852	2,589,283	4,794,678	-	4	Treaty of Commerce opens China to all nations.
11	59 1/4	59 1/4	59 3/16	239,580	1,197,438	3,752,472	No statistics of imports obtainable prior to 1858.	4	Bank Charter Act passed. Consols 101 1/4. Prior to September this year the Bank never reduced the rate below 4 1/2.
12	59 5/8	59 1/2	59 1/2	610,632	2,801,731	2,495,959	-	3	Railway mania. Sikh war.
13	59 3/8 — 59 7/8	59 1/8 — 59 1/4	59 1/4	647,658	2,516,951	2,939,922	-	3 1/4	Commercial and railway panic. Repeal of Corn Laws.
14	60 1/8	60 1/8	59 5/16	559,548	3,065,709	1,973,391	-	5	Year of panic; 10,000,000 <i>l.</i> granted for relief of famine in Ireland. Gold discovered in California.
15	59 1/8	59 1/8	59 11/16	125,730	3,097,042	4,204,503	-	3 3/4	Sikh war.
16	59 1/2 — 59 5/8	59 1/2	59 1/2	35,442	1,541,804	3,390,807	-	3	First importation of Californian gold into England. Annexation of the Punjab.
17	59 1/2	59 1/2 — 59 5/8	59 3/4	119,592	1,889,195	3,811,809	-	2 1/2	Average of Consols 96 1/2.
18	60 3/8 — 61 1/4	61 1/2	60 1/16	129,096	2,935,118	5,052,059	-	3	Discovery of gold in Australia.
19	60 3/8	60 3/4	61	87,868	3,296,458	1,715,100	-	2	Consols touched 102, and averaged 99 5/8.
20	61 1/8 — 61 7/8	61 1/4 — 61 3/8	60 1/2	189,596	2,777,523	2,447,450	-	3 1/2	Australian mint established.
21	61 7/8 — 62 3/8	61 5/8 — 61 7/8	61 1/2	701,544	3,317,122	3,117,980	-	5	Russian war began.
22	61 1/8 — 61 1/2	61 5/8	61 1/2	140,580	3,850,565	3,095,490	-	4 3/4	Loan of 16,000,000 <i>l.</i> Fall of Sebastopol.
23	60 — 61 3/8	61 3/8	61 5/16	195,510	3,669,678	6,431,733	-	5 3/4	Russian war ends.
24	62 1/4	61 1/2 — 61 3/4	61 5/16	462,528	1,484,040	12,113,991	-	6 3/4	Panic. Suspension of Bank Act. Indian Mutiny. Loan of 1,000,000 <i>l.</i> to East India Company.
25	61 1/2 — 61 7/8	62 — 62 3/8	61 3/4	373,230	2,819,711	16,731,915	-	2 3/4	End of Indian Mutiny.
26	61 1/4 — 61 1/2	61 1/4 — 61 3/4	61 5/16	445,896	628,499	4,753,933	6,700,000	2 3/4	Loan of 5,216,528 <i>l.</i> to East India Company.
27	62	62	62 1/16	647,064	25,901	14,828,521	14,772,400	4 1/4	Commercial treaty with France.
28	61 1/4 — 61 5/8	61 1/4 — 61 3/8	61 11/16	218,403	4,694	8,478,739	10,394,000	5 1/4	Financial depression in India. American civil war begins.
29	60 7/8 — 61 1/8	61 — 61 1/4	60 13/16	209,484	797	6,824,807	6,590,000	2 1/2	Great distress in cotton manufacturing districts. Panic.
30	61 7/8 — 62 1/8	61 5/8 — 61 3/4	61 7/16	148,518	1,193,729	10,091,460	11,753,000	4 1/2	Large exports of gold to the Continent to pay for silver.
31	61 3/8 — 61 3/4	61 5/8 — 61 3/4	61 3/8	161,172	6,641,576	8,263,011	10,888,130	7 1/2	£13,000,000 silver exported from France.
32	60 7/8 — 61 3/8	61 5/8	61 3/8	535,194	8,979,521	6,254,004	10,827,300	4 1/2	Close of American war.
33	61 1/4 — 61 3/4	61 9/16 — 61 7/8	61 1/16	501,732	6,789,473	3,598,058	6,980,000	7	Commercial and joint stock companies panic. Bank declined to sell bar gold.
34	60 7/8 — 61	60 3/4 — 60 7/8	61 1/8	493,416	6,998,899	2,365,626	10,778,000	2 1/2	Great decline in export of silver; only 2,500,000 <i>l.</i> sent from France.
35	60 3/8 — 60 1/2	60 3/8 — 60 1/2	60 9/16	193,842	5,613,746	642,912	8,020,000	3 1/4	Abyssinian Expedition.
36	60 3/8 — 60 1/2	60 3/4 — 60 7/8	60 1/2	301,356	4,137,285	1,635,042	7,716,420	3	Distress in Lancashire.
37	60 3/8 — 60 1/2	60 3/8 — 60 5/8	60 7/16	76,428	3,705,741	2,362,943	6,730,000	3	France-Prussian war. Panics.
38	60 1/2 — 60 5/8	60 1/2 — 60 5/8	60 9/16	336,798	6,980,122	1,579,473	10,649,000	3 1/4	£8,500,000 gold exported to Hanse Towns. Peace between France and Germany.
39	60 5/8 — 61	60 1/2 — 60 7/8	60 1/2	701,514	8,443,509	3,712,473	16,520,000	4 1/2	£9,050,000 ditto ditto. Commencement of decline in price of silver.
40	59 1/4 — 59 3/4	59 5/8 — 59 3/4	60 5/16	1,243,836	10,310,339	5,054,451	11,140,500	5 3/8	£10,000,000 gold exported to Hanse Towns. German Government announces the demonetisation of silver.
41	57 7/8 — 58 1/8	58 — 58 1/16	59 1/4	1,081,674	13,039,095	2,497,576	12,302,220	3 3/4	Enormous increase of bullion in Bank of France, 12,000,000 <i>l.</i> , mostly gold.
42	57 3/4 — 58 1/4	57 1/4 — 57 3/4	58 5/16	890,604	13,285,678	7,092,726	11,797,990	3 1/4	Heavy commercial failures. Large export of gold to Germany. Continued decline in price of silver.
43	56 5/8 — 56 15/16	56 1/8 — 56 5/8	56 7/8	594,001	10,841,615	3,714,404	9,506,757	2 1/2	Remarkable fluctuations in rates of Indian exchanges and bar silver, the latter having touched the lowest price on record.
44	53 1/8 — 55	55 1/4 — 58 1/2	52 3/4	222,354	11,513,293	10,914,407	13,585,608	2 7/8	Great famine in India. Russo-Turkish war.
45	54 — 55	53 3/4 — 54 1/4	54 13/16	420,948	8,637,530	17,007,458	21,625,632	3 3/4	General depression in trade. Large bank failures. Russo-Turkish war ended.
46	50 3/8 — 50 3/4	49 1/2 — 50 11/16	52 9/16	613,998	13,978,584	5,842,577	11,453,105	2 1/2	Suspension of sales by German Government. Marked diminution in production of Californian mines.
47	50 — 53 3/4	52 3/8 — 53	51 1/4	549,054	14,705,700	7,034,967	10,520,012	2 3/4	Consols touched 100 3/4. Reported existence of large quantities of gold in South India.
48	61 5/8 — 51 7/8	51 5/8 — 52	52 1/4	761,508	15,482,092	6,135,520	6,728,471		

† The above totals, from 1833 to 1850, include exports from other countries as well as England; from 1851 to 1875 from Southampton only; from 1876, shipments *via* Southampton, Venice, and Marseilles.Pisley & Abell,
Bullion Brokers.

Presented by Dr. Broch (page 16). - - - - -

(C.)—PRODUCTION of GOLD and of SILVER since the Discovery of America

Periods.	Number of Years.	ANNUAL AVERAGE PRODUCTION.				
		By Weight in Kilograms.		* By Value in Francs.		
		Fine Gold.	Fine Silver.	Gold.	Silver.	
		<i>Kilog.</i>	<i>Kilog.</i>	<i>Francs.</i>	<i>Francs.</i>	
1493-1520	28	5,800	47,000	19,980,000	10,440,000	1
1521-1544	24	7,160	90,200	24,660,000	20,040,000	2
1545-1560	16	8,510	311,600	29,310,000	69,240,000	3
1561-1580	20	6,840	299,500	23,560,000	60,560,000	4
1581-1600	20	7,380	418,900	25,420,000	93,100,000	5
1601-1620	20	8,520	422,900	29,350,000	93,980,000	6
1621-1640	20	8,300	393,600	28,590,000	87,470,000	7
1641-1660	20	8,770	366,300	30,210,000	81,400,000	8
1661-1680	20	9,260	337,000	31,900,000	74,900,000	9
1681-1700	20	10,765	341,900	37,080,000	76,000,000	10
1701-1720	20	12,820	355,600	44,160,000	79,000,000	11
1721-1740	20	19,080	431,200	65,720,000	95,800,000	12
1741-1760	20	24,610	533,145	84,770,000	118,500,000	13
1761-1780	20	20,705	652,740	72,320,000	145,000,000	14
1781-1800	20	17,790	879,060	61,280,000	195,300,000	15
1801-1810	10	17,778	894,150	61,240,000	198,700,000	16
1811-1820	10	11,445	540,770	39,420,000	120,200,000	17
1821-1830	10	14,216	596,450	48,970,000	102,300,000	18
1831-1840	10	20,289	450,560	69,900,000	132,500,000	19
1841-1850	10	54,759	780,415	158,600,000	173,400,000	20
1851-1855	5	197,515	886,115	680,300,000	196,900,000	21
1856-1860	5	206,058	904,990	709,800,000	201,100,000	22
1861-1865	5	185,123	1,101,150	637,600,000	244,700,000	23
1866-1870	5	191,900	1,339,085	661,000,000	297,600,000	24
1871-1875	5	170,675	1,969,425	588,000,000	437,600,000	25
1876	1	171,700	2,365,000	591,500,000	525,500,000	26
1877	1	182,800	2,428,000	629,800,000	539,500,000	27
1878	1	183,700	2,603,000	632,600,000	578,300,000	28
1879	1	156,900	2,557,000	540,300,000	568,200,000	29
1876-1879	4	173,775	2,488,250	598,550,000	552,875,000	30
1493-1600	108	6,990	211,400	24,070,000	46,280,000	31
1601-1700	100	9,123	372,340	31,430,000	82,750,000	32
1701-1800	100	19,001	570,350	65,440,000	126,720,000	33
1801-1850	50	23,698	654,480	81,620,000	145,420,000	34
1851-1879	29	187,973	1,312,300	647,520,000	313,840,000	35
1493-1879	387	TOTAL PRODUCTION - - -				

* 1 kilogram of fine gold = 3,444 1/2 francs in comparison with the gold piece of 10 francs.

Presented by D. Broch (page 16)

up to 1879, according to Dr. Soëtbeer of Göttingen (1879 and 1880).

TOTAL PRODUCTION.					Average Proportion of the Value of Gold and of Silver in Europe.
By Weight in Kilograms.		*By Value in Francs.			
Fine Gold.	Fine Silver.	Gold.	Silver.		
<i>Kilog.</i>	<i>Kilog.</i>	<i>Francs.</i>	<i>Francs.</i>		
1	162,400	1,316,000	560,000,000	292,000,000	11·3
2	171,800	2,165,000	592,000,000	481,000,000	11·2
3	136,200	4,986,000	469,000,000	1,103,000,000	11·3
4	136,800	5,990,000	471,000,000	1,331,000,000	11·7
5	147,600	8,378,000	508,000,000	1,862,000,000	11·9
6	170,400	8,458,000	587,000,000	1,880,000,000	13·0
7	166,000	7,872,000	572,000,000	1,749,000,000	13·4
8	175,400	7,326,000	604,000,000	1,628,000,000	13·8
9	185,200	6,740,000	638,000,000	1,493,000,000	14·7
10	215,300	6,838,000	742,000,000	1,520,000,000	15·0
11	256,400	7,112,000	883,000,000	1,580,000,000	15·2
12	381,600	8,624,000	1,314,000,000	1,916,000,000	15·1
13	492,200	10,663,000	1,695,000,000	2,370,000,000	14·8
14	414,100	13,055,000	1,426,000,000	2,900,000,000	14·8
15	355,800	17,581,000	1,226,000,000	3,906,000,000	15·1
16	177,800	8,942,000	612,000,000	1,987,000,000	15·6
17	114,400	5,408,000	394,000,000	1,202,000,000	15·5
18	142,200	4,606,000	490,000,000	1,023,000,000	15·3
19	202,900	5,964,000	699,000,000	1,325,000,000	15·7
20	547,600	7,804,000	1,886,000,000	1,734,000,000	15·8
21	987,600	4,431,000	3,402,000,000	985,000,000	15·4
22	1,030,000	4,525,000	3,549,000,000	1,006,000,000	15·3
23	925,600	5,506,000	3,188,000,000	1,223,000,000	15·4
24	959,500	6,695,000	3,305,000,000	1,488,000,000	15·6
25	853,400	9,847,000	2,940,000,000	2,188,000,000	16·0
26	-	-	-	-	17·80
27	-	-	-	-	17·19
28	-	-	-	-	17·96
29	-	-	-	-	18·39
30	695,100	9,953,000	2,394,000,000	2,211,000,000	17·40
31	754,800	22,835,000	2,600,000,000	5,074,000,000	11·5
32	912,300	37,234,000	3,143,000,000	8,275,000,000	14·0
33	1,900,100	57,935,000	6,544,000,000	12,672,000,000	15·0
34	1,184,900	32,724,000	4,081,000,000	7,271,000,000	15·7
35	5,451,200	40,957,000	18,778,000,000	9,101,000,000	15·85
	10,203,300	190,785,000	35,146,000,000	42,333,000,000	

1 kilogram of fine silver = 222 ²/₃ francs in comparison with the silver piece of 5 francs.

Appendix.
Section VIII.

Presented by Dr. Broch (page 16).

(D.)—PRODUCTION of GOLD and of SILVER since the Discovery of America up to 1878,
Department of the

		Number of Years.	ANNUAL AVERAGE PRODUCTION.				
			By Weight in Kilograms.		By Value in Francs.		
			Fine Gold.	Fine Silver.	Gold.	Silver.	
			<i>Kilog.</i>	<i>Kilog.</i>	<i>Francs.</i>	<i>Francs.</i>	
1493-1580	- -	88	3,000	98,400	11,260,000	21,850,000	1
1581-1600	- -	20	4,390	317,800	15,150,000	70,650,000	2
1601-1621	- -	20	3,660	261,000	12,600,000	58,000,000	3
1621-1640	- -	20	4,250	286,000	14,650,000	63,500,000	4
1641-1660	- -	20	4,250	286,000	14,650,000	63,500,000	5
1661-1680	- -	20	4,100	277,000	14,100,000	61,600,000	6
1681-1700	- -	20	7,530	269,000	26,000,000	59,800,000	7
1701-1720	- -	20	17,570	238,300	60,500,000	53,000,000	8
1721-1740	- -	20	32,950	283,700	113,500,000	63,000,000	9
1741-1760	- -	20	22,700	397,200	78,200,000	88,300,000	10
1761-1780	- -	20	14,650	499,400	50,400,000	111,000,000	11
1781-1800	- -	20	14,650	681,000	50,400,000	151,300,000	12
1801-1810	- -	10	14,790	795,200	50,900,000	176,700,000	13
1811-1820	- -	10	10,540	510,500	36,300,000	113,400,000	14
1821-1830	- -	10	15,520	483,700	53,500,000	107,500,000	15
1831-1840	- -	10	20,940	479,000	72,100,000	106,400,000	16
1841-1850	- -	10	47,870	742,100	210,300,000	164,900,000	17
1851-1855	- -	5	214,000	921,000	137,200,000	204,600,000	18
1856-1860	- -	5	202,000	925,200	695,100,000	205,600,000	19
1861-1865	- -	5	167,600	1,080,000	577,400,000	240,000,000	20
1866-1870	- -	5	163,800	1,152,800	564,000,000	256,200,000	21
1871-1875	- -	5	144,200	1,534,000	496,400,000	340,800,000	22
1876	- -	-	131,800	1,725,000	454,000,000	383,000,000	23
1877	- -	-	141,300	1,669,000	487,200,000	371,000,000	24
1878	- -	-	122,300	1,485,000	421,000,000	330,000,000	25
1876-1878	- -	3	131,800	1,626,000	454,000,000	361,000,000	26
1493-1600	- -	108	3,260	139,000	11,200,000	30,200,000	27
1601-1700	- -	100	4,760	275,800	16,400,000	61,300,000	28
1701-1800	- -	100	20,500	419,900	70,600,000	93,300,000	29
1801-1850	- -	50	21,900	602,000	84,600,000	133,800,000	30
1851-1878	- -	28	173,300	1,176,400	597,000,000	261,400,400	31
1493-1878	- -	386	TOTAL Production - - -				

Presented by Dr. Brock (page 16).

according to Mr. Alexander Mardle, M.E., formerly Director of the Statistical United States (London, 1880).

TOTAL PRODUCTION.				
By Weight in Kilograms.		By Value in Francs.		
Fine Gold.	Fine Silver.	Gold.	Silver.	
Kilog.	Kilog.	Francs.	Francs.	
1 264,500	8,656,000	911,000,000	1,923,000,000	
2 87,900	6,356,000	303,000,000	1,413,000,000	
3 73,200	5,221,000	252,000,000	1,160,000,000	
4 84,900	5,720,000	293,000,000	1,271,000,000	
5 84,900	5,720,000	293,000,000	1,271,000,000	
6 82,000	5,539,000	282,000,000	1,231,000,000	
7 150,600	5,380,000	520,000,000	1,196,000,000	
8 351,500	4,767,000	1,211,000,000	1,052,000,000	
9 659,000	5,675,000	2,270,000,000	1,261,000,000	
10 454,000	7,945,000	1,564,000,000	1,766,000,000	
11 292,900	9,988,000	1,009,000,000	2,220,000,000	
12 292,900	13,620,000	1,009,000,000	3,027,000,000	
13 147,900	7,952,000	509,000,000	1,767,000,000	
14 105,400	5,105,000	363,000,000	1,134,000,000	
15 155,200	4,837,000	535,000,000	1,075,000,000	
16 209,400	4,790,000	721,000,000	1,064,000,000	
17 478,700	7,421,000	2,103,000,000	1,649,000,000	
18 1,070,000	4,605,000	3,686,000,000	1,023,000,000	
19 1,010,000	4,626,000	3,478,000,000	1,028,000,000	
20 838,000	5,400,000	2,887,000,000	1,200,000,000	
21 819,000	5,764,000	2,820,000,000	1,231,000,000	
22 721,000	7,670,000	2,482,000,000	1,704,000,000	
23 —	—	—	—	
24 —	—	—	—	
25 —	—	—	—	
26 395,400	4,879,000	1,362,000,000	1,084,000,000	
27 352,400	15,012,000	1,214,000,000	3,336,000,000	
28 475,600	27,580,000	1,640,000,000	6,129,000,000	
29 2,050,300	41,995,000	7,063,000,000	9,333,000,000	
30 1,096,600	30,105,000	4,231,000,000	6,689,000,000	
31 4,853,400	32,944,000	16,715,000,000	7,320,000,000	
8,828,300	147,636,000	30,863,000,000	32,807,000,000	

Appendix.
Section VIII.

Presented by Dr. Broch (page 16).

(E.)—PRODUCTION of GOLD and of SILVER according to the Estimate of Mr. Burchard, Director of the Mint of the United States (*Washington*, 1880).

Years.				By Weight in Kilograms.		By Value in Francs.	
				Fine Gold.	Fine Silver.	Gold.	Silver.
				<i>Kilog.</i>	<i>Kilog.</i>	<i>Francs.</i>	<i>Francs.</i>
1877	-	-	-	171,400	2,175,000	590,500,000	483,000,000
1878	-	-	-	179,100	2,326,000	616,900,000	517,000,000
1879	-	-	-	158,500	2,175,000	546,600,000	483,000,000

Presented by Dr. Broch (page 16).

(F.)—PRODUCTION of GOLD and SILVER in the United States, according to the Estimate of the Director of the Washington Mint.

Years ending 30th June				By Weight in Kilograms.		By Value in Francs.	
				Fine Gold.	Fine Silver.	Gold.	Silver.
				<i>Kilog.</i>	<i>Kilog.</i>	<i>Francs.</i>	<i>Francs.</i>
1845	-	-	-	1,500	-	5,200,000	—
1846	-	-	-	1,700	-	5,700,000	—
1847	-	-	-	1,300	-	4,600,000	—
1848	-	-	-	15,000	-	52,000,000	—
1849	-	-	-	60,200	-	207,000,000	—
1850	-	-	-	75,200	-	259,000,000	—
1851	-	-	-	82,800	-	285,000,000	—
1852	-	-	-	90,800	-	311,000,000	—
1853	-	-	-	97,800	-	337,000,000	—
1854	-	-	-	90,800	-	311,000,000	—
1855	-	-	-	82,800	-	285,000,000	—
1856	-	-	-	82,800	-	285,000,000	—
1857	-	-	-	82,800	-	285,000,000	—
1858	-	-	-	75,200	12,000	259,000,000	2,700,000
1859	-	-	-	75,200	2,400	259,000,000	500,000
1860	-	-	-	69,200	3,600	238,000,000	800,000
1861	-	-	-	64,700	48,100	223,000,000	10,700,000
1862	-	-	-	59,000	108,300	203,000,000	24,000,000
1863	-	-	-	60,200	204,500	207,000,000	44,400,000
1864	-	-	-	69,400	264,600	239,000,000	58,800,000
1865	-	-	-	80,100	270,600	276,000,000	60,100,000
1866	-	-	-	80,500	240,600	277,000,000	53,500,000
1867	-	-	-	77,800	324,800	268,000,000	72,200,000
1868	-	-	-	72,200	288,700	249,000,000	64,100,000
1869	-	-	-	74,500	288,700	257,000,000	64,100,000
1870	-	-	-	73,200	384,900	259,000,000	85,500,000
1871	-	-	-	65,400	553,300	225,000,000	123,800,000
1872	-	-	-	54,200	691,600	187,000,000	153,700,000
1873	-	-	-	54,200	860,000	187,000,000	191,100,000
1874	-	-	-	60,200	769,800	207,000,000	171,000,000
1875	-	-	-	60,200	769,800	207,000,000	171,000,000
1876	-	-	-	66,700	998,300	230,000,000	219,400,000
1877	-	-	-	67,900	937,000	234,000,000	208,200,000
1878	-	-	-	71,100	1,124,000	245,000,000	249,800,000
1879	-	-	-	58,500	981,800	202,000,000	218,200,000
1880	-	-	-	54,200	906,900	187,000,000	201,500,000
TOTAL Production (36 Years for Gold, 23 Years for Silver)				2,310,300	11,034,300	7,957,000,000	2,410,400,000

Presented by Dr. Broch (page 16).

(G.)—EXPORTATION of Australian Gold, including *Tasmania* and *New Zealand* (not including Intercolonial Transport of Gold), according to the “Statistical Abstracts.”

Financial Years.	Weight of Fine Gold in Kilograms.	Value of Gold Exported in Francs.
	<i>Kilog.</i>	<i>Francs.</i>
* 1850 — † 1851	6,670	22,600,000
1851 — 1852	69,870	238,900,000
1852 — 1853	76,200	262,500,000
1853 — 1854	75,120	258,800,000
1854 — 1855	81,040	279,200,000
1855 — 1856	91,860	316,400,000
1856 — 1857	82,360	285,500,000
1857 — 1858	83,620	288,000,000
1858 — 1859	85,240	293,600,000
1859 — 1860	74,590	256,900,000
1860 — 1861	79,930	275,300,000
1861 — 1862	76,560	263,700,000
1862 — 1863	83,980	289,300,000
* 1863 — † 1864	66,090	227,600,000
* 1864 — † 1865	69,810	240,500,000
* 1865 — † 1866	70,430	242,600,000
† 1866 — § 1867 (11 months)	64,420	221,500,000
† 1867 — § 1868	68,470	235,900,000
1868 — 1869	76,030	261,900,000
1869 — 1870	60,320	207,800,000
1870 — 1871	55,690	191,800,000
1871 — 1872	55,630	191,600,000
1872 — 1873	68,610	236,300,000
1873 — 1874	56,110	193,300,000
1874 — 1875	50,890	175,300,000
1875 — 1876	42,420	146,100,000
1876 — 1877	55,650	191,700,000
† 1877 — § 1878	42,680	147,000,000
* 1850 — § 1878 for 28 Years, Total } Exportation of Gold from Australia . . }	18,70,290	6,441,900,000

* From 1st May.

† To 30th April.

‡ From 1st April.

§ To 31st March.

Appendix.

Section VIII.

TABLES of the Price of CEREALS at the Markets of *Copenhagen, Hamburg, Berlin, London*, and in *France*, by Dr. O. J. Broch. (See page 18.)

Table I.—The COPENHAGEN MARKET.

Average Price of Cereals in the Diocese of Sjælland (Denmark), according to a Memorandum of M. W. Scharling, Professor of Political Economy at the University of Copenhagen, up to 1869, and according to the Official Statistics of the Kingdom of Denmark for the last 10 years.
The Prices are expressed by M. W. Scharling in rigsdalers per tönde. They are here reduced into francs per hectolitre, according to the following ratios: 1 tönde = 1.39 hectolitre; 1 rigsdaler = 2 fr. 80 cent. In the Official Statistics the Prices are given in kronor per "tönde," and reduced according to the proportion of 72 kronor for 100 francs in gold.

AVERAGE PRICE in Francs per Hectolitre.

Periods.	Rye.	Barley.	Oats.	Years.	Rye.	Barley.	Oats.
	Fr. c.	Fr. c.	Fr. c.		Fr. c.	Fr. c.	Fr. c.
1601-1610	5 81	5 05	—	1850	7 98	7 12	5 03
1611-1620	5 90	5 56	—	1851	11 87	8 02	5 56
1621-1630	10 15	7 12	—	1852	10 57	8 63	5 35
1631-1640	7 67	6 23	3 54	1853	19 04	12 11	8 15
1641-1650	8 38	6 61	3 50	1854	13 16	10 03	7 62
1651-1660	7 08	6 09	2 94	1855	19 37	13 77	9 73
1661-1670	7 54	6 06	3 56	1856	12 88	11 67	7 89
1671-1681	7 10	5 50	3 77	1857	10 38	9 98	7 79
1681-1691	6 74	5 31	3 20	1858	9 68	8 85	6 57
1691-1700	8 76	6 13	3 73	1859	10 26	9 79	6 68
1701-1710	7 03	5 17	2 86	1860	11 56	10 61	6 84
1711-1720	7 41	5 52	3 28	1861	14 76	10 72	6 91
1721-1730	6 49	4 86	2 82	1862	11 44	9 29	6 48
1731-1740	6 27	4 80	2 51	1863	9 43	7 85	5 35
1741-1750	7 08	4 63	2 74	1864	11 29	9 14	7 45
1751-1760	7 22	5 28	3 45	1865	13 24	10 36	8 13
1761-1770	9 14	6 09	3 50	1866	12 57	12 30	7 75
1771-1780	8 97	5 94	3 71	1867	19 24	13 62	9 43
1781-1790	9 86	7 64	4 95	1868	15 77	14 72	10 76
1791-1800	11 46	7 81	5 37	1869	10 95	9 37	6 61
1801-1810	17 03	9 77	6 61	1870	12 52	10 97	7 66
1811-1818	The prices of the paper currency were so variable, that it has been impossible to fix the average price in silver.			1871	13 97	11 89	7 81
1819-1830	6 65	4 76	3 47	1872	13 39	12 85	7 89
1831-1840	8 15	5 92	4 21	1873	16 47	14 22	9 40
1841-1850	9 35	7 12	5 03	1874	14 43	14 00	10 28
1851-1860	12 87	10 34	7 22	1875	13 69	13 17	9 32
1861-1870	13 12	10 84	7 66	1876	14 46	13 45	10 08
1871-1879	13 57	12 87	8 66	1877	12 30	12 78	8 26
1819-1850	8 01	5 90	4 21	1878	11 05	11 29	7 08
1851-1879	13 16	11 30	7 81	1879	12 35	12 18	7 48

Table 2.—The HAMBURGH MARKET.

AVERAGE PRICES in Francs per 100 Kilogrammes at the beginning of the following Years.

YEARS.	Wheat.	Rye.	Barley.	Oats.
	<i>Fr. c.</i>	<i>Fr. c.</i>	<i>Fr. c.</i>	<i>Fr. c.</i>
1 January 1826 - - -	11 11	7 65	6 67	5 62
" 1827 - - -	15 68	15 00	11 67	15 25
" 1828 - - -	14 32	12 72	9 20	7 72
" 1829 - - -	28 45	13 64	13 09	10 31
" 1830 - - -	17 10	10 99	8 76	9 14
" 1831 - - -	25 62	16 79	13 08	11 27
" 1832 - - -	20 37	15 99	11 73	9 14
" 1833 - - -	14 14	11 54	9 44	8 09
" 1834 - - -	12 84	10 68	7 96	7 04
" 1835 - - -	12 04	11 42	9 07	7 96
" 1836 - - -	11 91	10 49	9 38	7 28
" 1837 - - -	15 43	12 72	10 80	10 06
" 1838 - - -	14 94	11 85	8 52	7 96
" 1839 - - -	29 08	17 47	13 70	12 10
" 1840 - - -	23 08	13 70	13 39	11 42
" 1841 - - -	18 15	19 26	10 69	11 11
" 1842 - - -	24 93	15 93	10 49	9 51
" 1843 - - -	18 64	16 05	11 23	10 56
" 1844 - - -	19 51	13 95	11 33	11 23
" 1845 - - -	16 23	11 43	12 16	10 00
" 1846 - - -	23 58	17 65	12 35	12 28
" 1847 - - -	27 59	24 38	19 94	16 48
" 1848 - - -	24 20	15 86	13 33	12 04
" 1849 - - -	18 09	10 25	11 05	7 59
" 1850 - - -	17 96	10 37	10 06	7 96
" 1851 - - -	18 15	14 26	11 91	11 05
" 1852 - - -	19 51	19 14	14 38	11 30
" 1853 - - -	21 54	16 54	15 00	12 65
" 1854 - - -	33 27	28 27	21 17	18 33
" 1855 - - -	31 54	22 41	18 09	15 62
" 1856 - - -	37 84	31 23	22 58	18 89
" 1857 - - -	25 93	17 41	18 09	14 20
" 1858 - - -	21 30	16 02	15 46	16 75
" 1859 - - -	22 47	16 76	15 27	17 13
" 1860 - - -	24 26	18 52	19 44	17 41
" 1861 - - -	28 80	19 07	22 41	17 59
" 1862 - - -	31 30	22 50	17 22	17 50
" 1863 - - -	25 28	18 80	15 37	14 35
" 1864 - - -	20 19	14 72	16 11	14 81
" 1865 - - -	18 39	13 33	14 44	13 80
" 1866 - - -	25 66	20 09	22 04	19 91
" 1867 - - -	32 04	21 95	26 20	18 24
" 1868 - - -	35 93	30 65	25 00	20 83
" 1869 - - -	26 20	21 85	27 59	21 48
" 1870 - - -	22 96	17 04	21 02	16 11
" 1871 - - -	27 78	20 46	21 30	18 98
" 1872 - - -	30 93	21 85	26 39	18 33
" 1873 - - -	31 98	25 93	28 40	20 99
" 1874 - - -	23 95	21 60	26 23	23 08
" 1875 - - -	23 95	21 23	25 93	23 08
" 1876 - - -	25 43	20 99	24 17	21 30
" 1877 - - -	28 64	23 76	24 07	21 67
" 1878 - - -	27 47	20 63	25 93	20 68
" 1879 - - -	21 91	16 05	24 69	16 17
" 1880 - - -	28 95	22 35	25 62	17 90
1826—1820 - - -	17 33	12 00	9 88	9 61
1831—1835 - - -	17 00	13 28	10 25	8 70
1836—1840 - - -	18 89	13 25	10 36	9 76
1841—1845 - - -	19 49	15 33	11 26	10 58
1846—1850 - - -	22 28	15 69	13 35	13 27
1851—1855 - - -	24 80	20 12	16 11	13 79
1856—1860 - - -	26 36	19 99	18 16	16 88
1861—1865 - - -	24 89	17 68	17 11	15 61
1866—1870 - - -	28 56	22 32	24 37	19 31
1871—1875 - - -	27 72	22 21	25 65	20 89
1876—1880 - - -	26 48	20 76	24 20	19 54

Appendix.
Section VIII.

Table 3.—BERLIN MARKET.

PRICE of RYE to be delivered next Spring.
(1 hectolitre on an average=75 kilogrammes.)

YEARS.	Price of 100 Kilogrammes in Francs.	Price per Hectolitre in Francs.	YEARS.	Price per 100 Kilogrammes in Francs.	Price per Hectolitre in Francs.
	<i>Fr. c.</i>	<i>Fr. c.</i>		<i>Fr. c.</i>	<i>Fr. c.</i>
1 January 1859 -	18 57	13 93	1 January 1874 -	23 61	17 71
" 1860 -	17 36	13 02	" 1875 -	18 49	13 87
" 1861 -	18 31	13 73	" 1876 -	19 29	14 47
" 1862 -	19 24	14 43	" 1877 -	20 52	15 39
" 1863 -	16 27	12 58	" 1878 -	17 62	13 22
" 1864 -	13 59	10 19	" 1879 -	15 01	11 26
" 1865 -	12 66	9 50	" 1880 -	21 59	16 19
" 1866 -	18 84	14 13	" 1881 -	24 64	18 48
" 1867 -	19 93	14 95			
" 1868 -	27 32	20 49			
" 1869 -	18 61	13 96	1859—1860 -	17 96	13 47
" 1870 -	16 50	12 38	1861—1865 -	16 11	12 09
" 1871 -	19 93	14 95	1866—1870 -	20 24	15 18
" 1872 -	20 96	15 72	1871—1875 -	20 77	15 58
" 1873 -	20 85	15 64	1876—1880 -	18 81	14 11

Table 4.—FRANCE.

AVERAGE PRICE of the Hectolitre of WHEAT.
(Official Statistics of France.)

YEARS.	Price of the Hectolitre of Wheat.	YEARS.	Price of the Hectolitre of Wheat.	YEARS.	Price of the Hectolitre of Wheat.
	<i>Fr. c.</i>		<i>Fr. c.</i>		<i>Fr. c.</i>
1821 - - -	17 79	1841 - - -	18 54	1861 - - -	24 55
1822 - - -	15 49	1842 - - -	19 55	1862 - - -	23 24
1823 - - -	17 52	1843 - - -	20 46	1863 - - -	19 78
1824 - - -	16 22	1844 - - -	19 75	1864 - - -	17 58
1825 - - -	15 74	1845 - - -	19 75	1865 - - -	16 41
1826 - - -	15 85	1846 - - -	24 05	1866 - - -	19 61
1827 - - -	18 20	1847 - - -	29 01	1867 - - -	26 19
1828 - - -	22 03	1848 - - -	16 05	1868 - - -	26 64
1829 - - -	22 59	1849 - - -	15 37	1869 - - -	20 33
1830 - - -	22 39	1850 - - -	14 32	1870 - - -	-
1831 - - -	22 10	1851 - - -	14 48	1871 - - -	25 65
1832 - - -	21 85	1852 - - -	17 23	1872 - - -	23 15
1833 - - -	15 62	1853 - - -	22 39	1873 - - -	25 62
1834 - - -	15 25	1854 - - -	28 82	1874 - - -	25 11
1835 - - -	15 25	1855 - - -	30 32	1875 - - -	19 32
1836 - - -	17 32	1856 - - -	30 75	1876 - - -	20 59
1837 - - -	18 53	1857 - - -	24 34	1877 - - -	23 44
1838 - - -	19 31	1858 - - -	16 75	1878 - - -	23 00
1839 - - -	22 14	1859 - - -	16 74	1879 - - -	21 98
1840 - - -	21 84	1860 - - -	20 24		
Quinquennial Periods.		Average Prices.	Quinquennial periods.		Average Prices.
		<i>Fr. c.</i>			<i>Fr. c.</i>
1821—1825 - - -	- - -	16 55	1851—1855 - - -	- - -	22 65
1826—1830 - - -	- - -	20 21	1856—1860 - - -	- - -	19 76
1831—1835 - - -	- - -	18 01	1861—1865 - - -	- - -	20 31
1836—1840 - - -	- - -	19 33	1866—1870 - - -	- - -	23 19
1841—1845 - - -	- - -	19 61	1871—1875 - - -	- - -	23 77
1846—1850 - - -	- - -	19 76	1876—1879 - - -	- - -	22 25

Table 5.—LONDON MARKET.
AVERAGE PRICE of Home-Grown WHEAT.

("The Economist," 1st March 1875, and 13th May 1880.)
1 quarter = 2·908 hectolitres. £. 1 st. = 25f. 22 c.

YEARS.	Price per Quarter.	Price per Hectolitre.	YEARS.	Price per Quarter.	Price per Hectolitre.	YEARS.	Price per Quarter.	Price per Hectolitre.
	s. d.	Fr. c.		s. d.	Fr. c.		s. d.	Fr. c.
1781	46 1	19 95	1815	65 7	28 43	1848	50 6	21 90
1782	49 3	21 36	1816	78 6	34 04	1849	44 3	19 19
1783	54 3	23 53	1817	96 11	42 03	1850	40 3	17 45
1784	50 4	21 83	1818	86 3	37 40	1851	38 7	16 73
1785	43 1	18 68	1819	74 6	32 31	1852	41 —	17 78
1786	40 —	17 35	1820	67 10	29 42	1853	53 —	22 98
1787	42 5	18 39	1821	56 1	24 32	1854	72 7	31 48
1788	46 4	20 09	1822	44 7	19 33	1855	74 9	32 09
1789	52 9	22 88	1823	53 4	23 13	1856	39 2	30 00
1790	54 9	23 74	1824	63 11	27 72	1857	56 5	24 47
1791	48 7	21 07	1825	68 6	29 71	1858	44 4	19 23
1792	43 —	18 65	1826	58 8	25 44	1859	43 9	18 97
1793	49 3	21 25	1827	58 6	25 37	1860	53 1	23 02
1794	52 3	22 55	1828	60 5	26 20	1861	55 6	24 07
1795	75 2	32 60	1829	66 3	28 73	1862	55 5	24 03
1796	78 7	34 08	1830	64 3	27 86	1863	42 9	18 54
1797	53 9	23 31	1831	66 4	28 77	1864	40 —	17 35
1798	51 10	22 48	1832	53 8	25 44	1865	41 10	18 14
1799	69 —	29 29	1833	52 11	22 93	1866	49 11	21 65
1800	113 10	49 37	1834	46 2	20 02	1867	64 6	27 97
1801	119 6	51 82	1835	39 4	17 06	1868	63 9	27 65
1802	69 10	30 28	1836	48 6	21 03	1869	48 3	21 02
1803	58 10	25 51	1837	55 10	24 21	1870	46 10	20 31
1804	62 3	27 00	1838	64 7	28 01	1871	56 8	24 57
1805	49 9	21 58	1839	70 8	30 65	1872	57 1	24 76
1806	59 1	25 62	1840	66 4	28 77	1873	58 8	25 44
1807	75 4	32 67	1841	64 4	27 90	1874	55 10	24 21
1808	81 4	35 27	1842	57 3	24 83	1875	45 3	19 62
1809	97 4	42 21	1843	50 1	21 72	1876	46 3	20 06
1810	106 5	46 15	1844	51 3	22 23	1877	56 10	24 65
1811	95 3	41 31	1845	50 10	22 04	1878	46 5	20 13
1812	126 6	54 86	1846	54 8	23 71	1879	39 7	17 17
1813	109 9	47 60	1847	69 9	30 25	1880	46 11	20 35
1814	74 4	32 24						

AVERAGE PRICE for Quinquennial Periods.

1781-1785	48 7	21 07	1826-1830	61 7	26 72	1866-1870	54 8	23 72
1786-1790	47 3	20 49	1831-1835	52 8	22 85	1871-1875	54 8	23 72
1791-1795	53 8	23 22	1836-1840	61 2	26 53	1876-1880	47 2	20 47
1796-1800	73 5	31 70	1841-1845	54 9	23 74			
1801-1805	72 —	31 24	1846-1850	51 11	22 50	1781-1800	55 9	24 12
1806-1810	83 11	36 38	1851-1855	56 —	24 21	1801-1820	82 9	35 89
1811-1815	94 3	40 89	1855-1860	53 4	23 14	1821-1848	57 7	24 98
1816-1820	80 19	35 04	1861-1865	47 1	20 43	1848-1880	51 7	22 35
1821-1825	57 3	24 84						

On the 27th February 1797, the Bank of England was ordered to suspend all cash payments. Notes continued to be inconvertible until 1820. At the beginning of this period of enforced currency bank notes remained nearly at par, but from 1800 to 1809 they were only worth 90 to 97 per cent. of gold, and in 1814 the price was 80 per cent. in proportion to gold. From 1818 they were nearly at par, and in 1820 the Bank began again to cash them in gold.
Customs duties on cereals have been abolished since 1848.

NOTE.

See also annexes to Mr. Chapman's Memorandum presented by Mr. Cernuschi (page 255.)

SECTION IX.

MISCELLANEOUS NOTES, MEMORANDA, &c.

(A.)

DRAFT of an INTERNATIONAL BIMETALLIC TREATY.

Presented by Mr. Cernuschi (page 125).

On the 7th February the French Government received from the United States Government an assurance that it was disposed to take immediate action for convening an international conference, taking as a basis the essential ideas of the project which had been transmitted to the Department of State.

This project, drawn up by M. Cernuschi, had been forwarded from Paris on the 7th January, but without the preamble which he has since added. The text is as follows :—

1. Whereas bimetallism, or the monetary system which consists in simultaneously coining any quantity of gold and silver on the footing of a legal ratio between the weight of the monetary unit in gold and the weight of the same unit in silver, had always been practised, and that only since a few years has it ceased to operate in any part of the world.

2. Whereas, during nearly a century the principal Continental mints have coined at the legal ratio of $15\frac{1}{2}$ all the gold and silver presented for coinage, whereby alone, whatever the vicissitudes in the production of gold and the production of silver, the relative value of the two metals was necessarily fixed in the entire world at the par of $15\frac{1}{2}$; nobody in any country agreeing to part with either gold or silver at a less advantageous ratio than that which it was known could be realised in Europe at the mints which were bound at the rate of $15\frac{1}{2}$ to convert into coin, having legal currency without limit of amount, all the metal they were asked to coin.

3. Whereas, by this universal par of value between gold and silver, the monetary material of the entire world formed a single mass as homogeneous as if it had been composed of a single metal, but with this evident and very important superiority, that its paying power was much more stable than would have been the paying power of gold disjoined from silver, or of silver disjoined from gold; and this because the greater or less stability of that paying power depends on the greater or less regularity of monetary production, because the production of gold is very irregular, also that of silver, while the joint production of the two metals valued at the legal ratio is quite sufficiently regular.

4. Whereas the above-mentioned universal par between the value of the two metals was of the greatest service to countries subject to monometallism, such as gold monometallic England and silver monometallic India, which countries, owing to that par, could mutually settle their pecuniary dealings with almost as much facility and certainty as if they had one and the same metal as common money.

5. Whereas, as soon as silver was no longer freely admitted to coinage by the States which had previously been bimetallic, the universal par of value between the two metals necessarily disappeared; and inasmuch as, through that disappearance, the bimetallic and homogeneous material possessed by the world was decomposed into two monometallic materials heterogeneous to each other—the material gold, the sole metal admitted to free coinage in Europe and America, and the material silver, the sole monetary metal in Asia—a twofold monometallism, which has rendered the commercial and financial relations between the two halves of the world almost as complicated and hazardous as if the exchanges between them were made by barter.

6. Whereas, moreover, the States of the Continent of Europe and the United States of America, while admitting gold alone to free coinage, are encumbered with coined silver, and the silver coins of one country cannot be converted into money in other countries, except in Asia, and then undergo all the loss resulting from the difference between the ratio at which such silver has been coined with regard to gold, and the much smaller proportion of gold realised on disposing of silver for an Asiatic market now that the universal par no longer exists, a proportion which would become smaller and smaller if the offers for sale of silver happened to be resumed and continued.

7. Whereas it is, in fact, impossible to withdraw from circulation and get rid of the coined silver, not only because of the terrible fall which the Asiatic exchange would experience,

experience, and of the enormous losses which would have to be borne, but also because of the immense void such withdrawal would leave behind it; a monetary void which could not be filled either with the present gold, which has already its use, or with the future gold, which has not yet issued from the mines.

8. Whereas, in short, the monetary chaos is general, and that chaos, extremely prejudicial to the interests of all nations, without a single exception, is solely attributable to monetary laws now in force in Europe and the United States, and cannot be put an end to except by reverting to bimetallism.

9. And whereas such reversion to bimetallism and the adoption of the ratio 15½ by a preponderating group of nations would have the immediate effect of re establishing, on a very solid basis, the old universal par of value between the two metals, of enabling Europe, without any loss, to employ its old silver pieces in paying America, and, reciprocally, of enabling the United States, when their balance of trade allows it, to pay Europe with silver from their mines, and, lastly, of making silver a universal money, while retaining gold on a footing of 15½ as European and American money.

Now, therefore, actuated by all these considerations, the American, French, &c., delegates have resolved, by common accord, to submit to the ratification of their respective Governments the following Convention:—

CONVENTION.

ARTICLE I.—The United States of America, the French Republic, &c., form themselves into a Bimetallic Union on the terms and conditions hereinafter stipulated.

II.—The members of the Union shall admit gold and silver to mintage without any limitation of quantity, and shall adopt the ratio of 1 to 15½ between the weight of pure metal contained in the monetary unit in gold, and the weight of pure metal contained in the same unit in silver.

III.—On condition of this ratio of 1 to 15½ being always observed, each State shall remain free to preserve its monetary types; dollar, franc, pound sterling, mark, or to change them.

IV.—Any person shall be entitled to take any quantity of gold or silver, either in ingots or in foreign coins, to the Mints of any member of the Union for the purpose of getting it back in the shape of coin bearing the State mark; the mintage shall be gratuitous to the public; each member of the Union shall bear the expense of its mintage.

V.—The Mints of each State shall be bound to coin the metal brought by the public as speedily as possible, and at the aforesaid ratio of 1 to 15½ between gold specie and silver specie; the coin thus manufactured shall be delivered to the person who shall have brought the metal, or to his assigns; if the person bringing gold or silver requests immediate payment of the sum which would accrue to him after the interval of mintage, that payment shall be made to him subject to a deduction which shall not exceed two per mille; the sum shall be handed over, at the option of the paying party, in coin, or in notes convertible at sight into metallic money.

VI.—The gold and silver money shall alike be legal tender to any amount in the State which shall have manufactured them.

VII.—In each State the Government shall continue to issue as a monopoly its small change or tokens; it shall determine their quantity or quality, and shall fix the amount, above which no person shall be bound to receive them in payment.

VIII.—The fact of issuing, or allowing to be issued, paper money, convertible or otherwise, shall not relieve the State issuing it, or allowing it to be issued, from the above stipulated obligation of keeping its Mints always open for the free mintage of the two metals at the rate of 1 to 15½.

IX.—Gold and silver, whether in ingots or in coin, shall be subject to no Customs duty, either on importation or exportation.

X.—The reception of silver shall commence at the same date in all the Mints of the Union.

XI. The present Convention shall remain in force till the 1st of January 1900. If a year before that date notice of its abrogation has not been given, it shall of full right be prolonged by tacit renewal till the 1st January 1910, and so on by periods of ten years until such notice of abrogation shall have been given a year prior to the expiration of the current decennial period; it being, however, understood that notice of abrogation given by States having in Europe less than twenty millions of inhabitants, or subject to the inconvertible paper money system, while releasing those States, shall not prevent or interfere with the decennial tacit renewal of the present Convention between the other members of the Union.

Appendix.

Section IX.

(B.)

MEMORANDUM on an International Bimetallic Standard Measure of Value by Mr. R. B. Chapman, Financial Secretary to the Government of India.

Presented by Mr. Cernuschi (page 49).

Distinction between a standard and an instrument of exchange.

Distinction between substantive and representative money.

Value of material standard.
Object of a standard and of money.

Instability of existing standards.

Causes of their recent disturbance.

Conclusions in 1876 that the value of gold and even silver had risen.

1. THE Honourable the Financial Member has invited me to place on record the views which have, after long study, been forced upon me by an ever present sense of the danger, to which, not only the finances, but all the domestic interests of British India are exposed, so long as the chief national standards of value are in their present isolated and unprotected condition.

2. The importance of this matter is indeed such that it can seldom be absent from the mind of any one engaged in the financial administration of British India. The question does not, just now, assume so urgent an aspect as it has sometimes done, and as it may do again any day; but, in some respects, this makes the occasion only the more suitable for its discussion.

3. In dealing with this subject, it is necessary to bear clearly in mind the distinction between the use of any substance as a standard measure of value and its use as money, that is to say, as an instrument for the transfer of value measured by such a standard. Money may be represented by various instruments possessed of no intrinsic value; and value is, for the most part, actually transferred by means of such representative instruments, as bank or currency notes, bills and cheques, or, even, without the intervention of such instruments at all, by entries in bankers' books and at clearing houses. All such devices are independent of the standard measure of value itself, which is, by the hypothesis, fixed, and can only be altered, by legislation.

4. It is also important to distinguish clearly between money proper, which must be made of the substance of the standard itself, and the various devices employed for representing money. Money proper of the substance of the standard, alone, possesses an original, inherent, and intrinsic legal-tender force, *vis liberatrix*, or, as the French call it, *force libératoire*. The various representative expedients have only a derivative *vis liberatrix* possessed in virtue, not of any inherent quality of their own, but solely of their convertibility into money proper. Hence, money proper is alone capable of permanently storing value, and of transporting it from one place to another. Bills of exchange cannot do this; they only set off value existing in one place against value existing in another place.

5. A sufficiently general and permanent adoption of any substance as a standard measure of value, by ensuring its employment as money, and, so, for hoarding, greatly enhances its value; but any confusion between the objects and attributes of a standard measure of value and the objects and attributes of money, whether real or representative, must involve the erroneous treatment of any problem regarding such matters. The object of a standard measure of value is to regulate all contracts subject to the standard, expressed in money; money and the various devices representing money are only the instruments by which value is hoarded, transported or exchanged, according to the standard.

6. Every civilized nation, at present, uses for its standard measure of value, either silver, or gold, or some combination of these two metals; and, as the value of these metals themselves depends, immediately, almost wholly upon their employment as standard measures of value, and therefore as money, the substitution of one for the other by any important community inevitably enhances the value of the adopted metal, at the expense of that of the rejected metal, and thus, by a double effect, disturbs the relations between the two metals. Moreover, apprehensions that such a substitution by one community may lead to similar substitutions by other communities, are likely to intensify its opposite effects upon both metals.

7. There is not now, it is believed, any doubt, (1) that the long-standing equilibrium between gold and silver continued till 1873, generally, because, whilst it prevailed, no considerable change took place, throughout the world, in the several national standards of value, and, specially, because the French Monetary Law of 1803 provided for the constant optional interchange of the two metals at a fixed ratio; or (2) that the disturbance of that equilibrium since 1873 is the consequence of the substitution of gold for silver as the standard measure of value in Germany, followed by the closure of the Mints of the Latin Convention to the less valuable metal, and the withdrawal of the optional interchange of the two metals heretofore allowed within the jurisdiction of that Convention.

8. Appended to the Resolution of the Government of India in the Financial Department, No. 3044, dated 22nd September 1876, are statistics of the course of wholesale prices of certain typical commodities measured in gold and silver, before and after the disturbance of the equilibrium of gold and silver in 1873. In the 19th paragraph of that Resolution, the Government of India stated that those prices indicated that gold had, till then, risen in value since the equilibrium of the precious metals had been disturbed; and that there was, at that time, no evidence that silver had fallen in value either in India, or even in London.

9. In

9. In an Appendix to the present Note, the prices and values of the commodities then quoted for April 1876 are compared with their corresponding prices and values in December 1879, being the latest figures at hand for both India and Great Britain. There has been a reaction in some of the prices quoted in India, which appears to be chiefly due to the recent unfavourable seasons; but in only nine* of the eighteen examples quoted are the values of commodities measured in silver, even now, higher than they were in March 1873. It is unnecessary to examine these phenomena further in detail, because little could be added to Mr. Robert Giffen's able analysis of wider facts of the same character, in his paper read before the Statistical Society on the 21st January 1879, and printed at page 36 of the Society's Journal for that year. Since that date, however, there has been a decided rise in prices; in other words, a decided fall in the value of both metals.

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Subsequent
phenomena.

10. There appears to be no room now to doubt the correctness of the conclusion which the Government of India announced more than three years ago, or that it is still true, that the value of gold has rather risen than fallen since 1873, and that, contrary to general expectation and popular belief, the value of silver has also risen, and has not, even yet, fallen; in short, that of the five possible causes, to one or other of which the Government of India said, in the 6th paragraph of the Resolution of September 1876, that the disturbance of the equilibrium of the precious metals must be due, the first is, as yet, still the actual cause, namely, while the value of both metals has risen, the value of gold has risen more than that of silver.

Confirm the conclusion of 1876.

11. This conclusion is one of fact only. It would indeed be folly to base any action upon such facts without first forming a judgment upon the influences which have produced them, in order to an opinion especially whether these influences are permanent or only temporary. But it is essential to a profitable and practical discussion of the present problem, not to confound the comparatively simple question whether the value of the precious metals has or has not risen or fallen, with the complex question what influences may have produced either result. Regarding these influences, there are likely to be almost as many opinions as there are men; and an answer to the question whether they will operate permanently or only temporarily, may be difficult, and can never be more than a mere opinion. But an answer to the question whether, as a matter of fact, prices have, on the whole, risen or fallen, in other words, whether the value of gold and silver has increased or decreased, is comparatively easy; and it is only with the facts, and their consequences, that we are, in the first instance, concerned.

This conclusion is confined to the facts apart from their causes.

12. It is strange that such phenomena should be frequently discussed, even by experts, as if an increase in the value of any commodity relatively to the rest of commodities as a whole, could be attributed to a fall in the value of the body of commodities to the exclusion of the conception of a rise in the value of the excepted commodity. It is surely as inconceivable that the value of one commodity should decrease relatively to that of another without a correlative increase in the value of the commodity compared, as that one scale of the balances should fall without the other rising.

Fall of value of one commodity implies rise of that of its correlative.

13. Whatever then be the influences which have produced the present phenomena, and whether these phenomena may be expected to endure or not, it seems impossible, in the meanwhile, to dispute that the general range of both gold and silver prices are still lower, in other words, that the values of both those metals are still higher than they were in 1873.

Values of silver and gold still higher than in 1873, but future of silver still doubtful.

At the same time, as it is impossible to foresee the extent to which pressure may be further transferred from silver to gold, no one can feel at all confident that silver will keep the value it has hitherto maintained, or even that fresh events, such, for example, as the final demonetisation of silver by France, may not, as pointed out by the Government of India in paragraphs 36 to 38 of its Despatch, No. 868, dated 13th October 1876, make the retention by any civilised State, of silver as its standard measure of value difficult, if not impossible.

14. It seems clear, then, that the loss to British India consequent upon the phenomena under discussion is to be attributed, as yet specifically, to the rise in the value of gold, and the concomitant enhancement of the obligations of British India fixed by the gold standard. The amount entered under the adjusting head loss by exchange, in accordance with the present system of the Indian Finance and Revenue Accounts, is not the measure of that enhancement which cannot be ascertained by a comparison with the conventional par of *Re. 1=2 s.*, and must be reckoned only upon the fixed portions of the disbursements from the Home Treasury. Thus calculated, this enhancement does not, probably, as yet, exceed $2\frac{1}{2}$ crores of rupees † a year, which sum may be taken as a full estimate of the loss to British India from the disturbance of the equilibrium of the precious metals which existed in 1873.

Loss to India from enhancement of her fixed gold obligations, about $2\frac{1}{2}$ crores of rupees a year.

15. But

* In England.—Beef, sugar, and saltpetre: and in India.—Spelter, hides, jute, rice, linseed, and wheat.

† This estimate is thus made:

Net yearly obligations of the Home Treasury Fund fixed in sterling, about £.	11,750,000
Equals, with silver at—	
50 d. an oz. (exchange about 1 s. 7 d.)	Rs. 14,66,00,000
60 d. an oz. (exchange about 1 s. 11 d.)	Rs. 12,22,00,000
Loss, upon the assumption that the fall in the exchange is due, exclusively, to a rise in the value of gold	Rs. 2,44,00,000

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Considerations
affecting this
estimate.

Chief item of loss to
India.

Advantages expected
from international
bimetallic standard.

Fluctuations of
exchange.

Their main cause.
Advantages of their
elimination should
not be overrated.

International
bimetallic standard
existed under
French Law of
1803.

Its effect upon the
stability of ex-
change.

15. But it must be remembered, on the one hand, that this estimate is confined to the consequences of the increase of the value of gold in excess of the increase in the value of silver, and does not include the loss due to the rise which is common to both metals; and, on the other hand, that, although owing to the metals being linked together through the French monetary law, there was no disturbance of their relative values, and so the fact received comparatively little practical recognition, yet there is no doubt that in consequence of the gold discoveries in California (1848) and Australia (1851), the values of the precious metals were in 1873 still abnormally depressed. Their present values will probably prove to be more permanent than their values in 1873.

16. The chief item of loss to British India is due to the fact that during the period (1850—1873) when the value of the precious metals was so abnormally depressed owing to the gold discoveries, that the general standard measures of value were perhaps 25 per cent. below their usual range, India borrowed, for the suppression of the Mutiny and the construction of railways, 164½ millions sterling, on which India must continue to pay interest at the covenanted rates by standards which have nearly, if not quite, recovered what will probably be found to be their normal values. The burden has, however, been mitigated by the subsequent reduction of the rate of interest on most of these loans, excepting some of the guaranteed railway loans; and it cannot be confidently assumed either that India would have been able originally to borrow on the same terms, if the range of the standard measures of value had not been depressed, or, on the other hand, that the subsequent reduction of the rates of interest upon those loans would have been possible if there had been no intermediate recovery of the values of the precious metals.

17. The grounds upon which it is considered that British India would be benefited by the adoption of an international bimetallic standard measure of value may now be discussed. Two practical advantages are anticipated from the adoption of such a standard by all nations or even by the leading commercial nations:

First.—Fluctuations of exchange between the moneys of different countries would be confined within narrow limits.

Secondly and principally.—The standard measure of value would gain immensely in that stability, which is, above all things, to be desired in a standard.

18. Speaking, first, of fluctuations of international exchange, it is unnecessary to dilate upon the inconvenience which they cause to trade. Possibly, indeed, this inconvenience may sometimes be over-estimated; for the direct effect of a fluctuation is confined to engagements already contracted and in course of fulfilment; it can only affect subsequent transactions by inducing apprehensions that renewed fluctuations may vitiate the calculations upon which they are undertaken. Not only, however, are such apprehensions often sufficient to paralyse trade, and not only must repeated fluctuations cause serious and unmerited losses to honest traders, but, which is perhaps worse, uncertainty as to the international exchanges introduces an avoidable element of speculation injurious to sober, prudent, and honourable, and, therefore, permanently profitable commerce.

19. Fluctuations of exchange between two countries must be mainly due to variations in the standard measures of value of one or both countries. If two countries use one standard measure of value,* whether they use the same unit or not is a matter of little importance, the fluctuations of the exchange between them cannot exceed the narrow limits of the cost of transporting the material of the standard from one country to another. Such stability of exchange is a considerable advantage; but it is important not to exaggerate its scope, or to forget that fluctuations of international exchange might be thus almost wholly eliminated, not only without any improvement of the stability of the common standard measure of value, which is its only indispensable attribute, but even with a simultaneous deterioration of that characteristic.

20. The international bimetallic standard measure of value actually, to a great extent, prevailed throughout the whole world as long as the French Monetary Law of 1803 was in operation. This truth may not even yet be generally recognised; but it is indisputable that, so long as gold and silver were freely interchangeable in France, at a fixed ratio, that ratio necessarily governed the relations of the two metals, and therefore the value of each throughout the world. The sole gold standard of England and the sole silver standard of India were alike wholly subject to the influence of the French Law, and not, as has been supposed, independent of it; the values of England's gold and India's silver were absolutely controlled by the French Law.

21. Doubtless, that law could only operate freely and fully while France possessed sufficient stores of both metals. Before the gold discoveries of 1848 and 1851, the French Monetary Law had ceased to maintain the value of silver measured in gold, which commanded a small varying premium; and had the gold discoveries of California and Australia been repeated conversely, as her silver stores were exhausted, the French Monetary Law would have in like manner ceased to maintain the value of gold measured in silver. But this only shows that the demand for metallic, that is, intrinsic money, in France alone,

* Of course the conditions on which standard money can be coined in the two countries must be stable. It is not enough that the same substance should be used, the mint conditions must be invariable.

alone, great as it is, is not sufficient to maintain such a law permanently, under all circumstances ; and must not be allowed to obscure the fact that the French bimetallic law alone did confine fluctuations in the relative values of gold and silver throughout the civilised world, for three quarters of a century, within narrow limits.

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22. In theory, however, the bimetallic standard of value is not, in any sense, indispensable for the elimination of all avoidable fluctuations of exchange. Manifestly, the same result would be attained by the use of any other common standard, say, for instance, either gold or silver. In order that there may be no substantial fluctuations of exchange between two or more countries, the one and only thing needful is that they shall measure value by one standard, whatever that standard may be ; and no other device will prevent such fluctuations.

Bimetallic standard not essential to stability of exchange.

23. But, obviously, the degree of stability of an international standard measure of value must depend entirely upon the particular standard selected. This suggests the second and principal advantage which is to be expected from the adoption of an international bimetallic standard measure of value, namely, the vast improvement of that stability of the general standard measures of value which is of such supreme importance.

Stability of standard.

24. It has been observed that the substitution by Germany of gold for silver as its standard measure of value, followed by what was, in effect, the same action by France and her associates in the Latin Convention, was the immediate cause of the recent disturbance of the long-standing equilibrium of silver and gold, and so aggravated to British India the consequences of the recovery of its value by gold which was already in progress, as to cause to it a loss upon its public obligations measured in gold, estimated at about 2½ crores of rupees a year. A loss in the same proportion was caused upon all other obligations fixed, by contract or custom, by the gold standard. Doubtless, the transfer of pressure from silver to gold, which produced these inconvenient consequences, must have, proportionately, counteracted the rise in the value of silver, which would otherwise have been greatly accelerated, and India must have obtained some compensation for the enhancement of its public gold obligations in the correlative depression of its public silver obligations. But if British India be treated as a whole, only its foreign obligations need, for the present purpose, be considered ; and the fixed foreign obligations of British India measured in silver, though large, bear so small a proportion to those measured in gold, that it is certain that, after all sets-off, there must remain a large balance of loss caused to British India by the action, first of Germany, and then of France.

Injurious consequences of its recent disturbance.

25. No one can say whether the Governments of these two countries, especially that of Germany, which originated the disturbance, fully perceived the injury to the general interests which would follow upon the change of their national standard measures of value. Inasmuch as Germany herself has suffered and is suffering, as is believed, in proportion, as much by the change of its standard measure of value as any other nation, it may perhaps be presumed that the nature and effects of that measure cannot have been altogether appreciated by its authors. However that may be, it is surely a most serious evil that a single nation should, by a domestic action of this kind, whether intentionally or not, inflict upon other nations grievous injuries against which they are powerless to protect themselves.

Stability of standard should not be liable to disturbance by action of one nation, as it now is.

26. As things now are, the stability of the standard measures of value throughout the world is at the mercy of any single considerable nation, which can, at its pleasure, practically overthrow such stability with all the great interests dependent upon it. All countries alike are, however, deeply interested in the avoidance of any disturbance of the general standard measures of value ; and it may be hoped that, when the vast importance of the general interests at stake is perceived, it may be possible to obtain a mutual undertaking by each nation not again, without international consultation and consent, to take any steps of this kind, involving, of necessity, the disturbance of the general bases of contracts. Certainly it would seem that this, of all others, is a matter in which the comity of nations should act, under all circumstances, in common accord ; and that resort should be had to all the sanctions and restrictions which international engagements can supply, in order to prevent a recurrence of the evils to which recent events show that all nations are now helplessly exposed.

International remedy urgently required.

27. Thus far the following two axioms have been established :—

(1.) That it is highly desirable that all nations should measure value by one standard.

The best international standard measure of value.

(2.) That the common interests require that no important nation should alter its standard measure of value without the consent of the rest.

The further problem may now be considered : what would form the best common international standard measure of value, if the principal nations should agree to adopt one. This question resolves itself into the previous question ; what would be the most stable possible standard ; for, beyond all doubt, the most stable standard, which is in other respects suitable, is the best standard.

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Such a standard must be gold, silver, or a combination of the two.

28. It is unnecessary, in the discussion of this question, to go behind the precious metals, or to inquire why, by general consent, gold or silver, or some combination of these two metals, are in use as standard measures of value by all civilised nations, to the exclusion of all other standards. There is no doubt, indeed, the occasion for the present argument would demonstrate the fact afresh, if such demonstration were necessary, that the value of the precious metals themselves is far from being immovable, and, therefore, that they are far from constituting perfect standard measures of the value of other objects; but, from time immemorial, better and more stable standards have been sought in vain. It would therefore be unprofitable to advert further to such speculations, it being practically certain that in practice among all civilised nations, the precious metals must continue to constitute the standard measures of value to which all contracts, not otherwise expressed, must be referred. In what follows, therefore, it will be assumed that the choice of the best possible standard measure of value lies practically between gold, silver, and some combination of these metals.

Stability of standard to be distinguished from stability of exchange.

29. The problem now to be investigated has no immediate bearing upon the fluctuations of international exchange, which can be prevented, absolutely, beyond narrow limits, by the use of any suitable common standard measure of value, and in no other way whatever. It signifies nothing so far as stability of exchange alone is concerned, whether such common standard be gold, or silver, or a combination of the two metals, or any other possible substance or device whatever. In order, however, to ascertain the effect upon the infinitely more important stability of standard, of the adoption of one or other of the three possible standards, namely, gold, silver, or some combination of the two metals, it is necessary briefly to examine the causes which regulate the value of the precious metals.

Causes of values of precious metals.

30. In their nature, these causes do not differ from those which regulate the value of any other object. Value is essentially a relative and not an abstract conception; and the value of the precious metals, as of any other object, at any moment, and in any place, depends immediately upon the pressure of the present demand upon the present supply. Without diverging to follow any of the lines of thought suggested by this definition, it is only necessary for the present purpose to remark that the pressure of the demand upon the supply of objects, such as gold and silver, which are, practically, imperishable, and the principal uses of which involve comparatively little wear and tear, are subject to influences which differ widely from those which regulate the pressure of the demand upon the supply of perishable objects, as, for example, a great catch of fish.

Uses of gold and silver.

31. Gold and silver are used for three principal purposes, which may be named in their order of importance, as follows:—

- (1.) Hoarding, or storing value, whether in the form of money or in cruder forms.
- (2.) Current or active money.
- (3.) The manufacture of works of art or ornaments, and various industrial uses.

Waste in works of art insignificant.

The actual final consumption or waste of the precious metals in the manufacture of works of art or ornaments is, by comparison with the quantities produced, so insignificant that it may be ignored. Whether embodied in works of art, or in solid bars, these metals are so far indestructible, that the weight of metal used in the arts, which constantly reverts to the crude form, probably suffices, without very large additions, to supply all demands for this object. The consumption of these metals for industrial purposes, though larger, is still, probably, unimportant in relation to their whole stock.

Use of precious metals for active money creates but small permanent demand upon stocks.

32. So, again, the recurring demand for crude gold and silver for the manufacture of coin for current use, in all probability rather diminishes than increases. Paper money in its several forms of notes, cheques, bills of exchange, &c., and improved methods of the settlement of accounts, such as culminate in clearing-houses of various kinds, all tend constantly to displace the gold and silver money in current or active use for the exchange of value. Such devices are, probably, not as yet exhausted, even among the most intelligent communities; while there is great scope for the economy of the precious metals employed as active money, by the introduction among the less advanced countries of methods which are already established in the more advanced countries. Even if such obvious opportunities for further economy be ignored, it is certain that the volume of the metallic currency, or, as it may be defined, the active metallic money of any country fluctuates but little; and that, when a country has an adequate outfit of active metallic money, its indents upon the general stores of the crude metal for the maintenance of its currency are almost imperceptible. The waste of the metal thus used, whether in wear and tear, loss or destruction, is ascertained to be so small that it may be neglected.

Because the volume of active money does not fluctuate or grow.

33. The fact is generally recognised that the volume of a properly constituted subsidiary money, whether superior, like bank or currency notes, or inferior, as debased silver or copper coins, is subject only to limited variations; the demand for such instruments remains comparatively uniform. Upon reflection, it will appear that the same principle applies

applies to the rest of the active or current money of any country whose currency is in a sound condition. There is no reason whatever to suppose that the volume of the retail exchanges of any community which requires the intervention of active money is liable to any violent or frequent expansion or contraction, or that the volume of metallic money in active use varies more than that of the several forms of subsidiary or representative money, or, in fine, that any constant accretion to such money is required. Doubtless, there may be a spasmodic demand for a fresh stock of active money on special occasions, as there was for gold, when recently Germany introduced its gold standard, or when America resumed specie payments; but such contingent and temporary demands produce little permanent effect upon the value of these metals.

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34. It may be concluded, therefore, that if gold and silver were needed only for the manufacture of works of art or ornaments, and of active money, the pressure of the permanent demand upon the permanent supply of these metals would be so weak that their values would be unstable and low. The stability, at a high range, of the value of gold and silver really depends exclusively upon their use for hoarding or storing value.

Value of precious metals wholly dependent upon their use for storing value.

If, indeed, language be used with severe exactitude, it may be difficult to draw a clear distinction between money hoarded or passive and money current or active; and the most precise definition of the uses of the precious metals would, perhaps, be:—

(1.) Storing value (hoarding).

(2.) The manufacture of works of art or ornaments, and various industrial uses;

the second of which uses, as has been shown, contributes little or nothing to the value of these metals, except, indeed, in so far as this use sometimes, as largely in Asia, merges in, and is indistinguishable from, their use for storing value.

35. According to this, which appears to be the true definition, the primary use, even of current or active money, is to store value not immediately wanted; its employment for the transport or exchange of value being though an important, yet a secondary duty. It would be difficult, on any other hypothesis, to distinguish between the attributes of money buried by misers or ignorant peasants, and so absolutely passive and useless for the transfer of value, and that which passes, perhaps several times in a day, from hand to hand. To regard money proper of all kinds, including the crude substance of money, as used, primarily, for storing value, furnishes us with a definition common to all such money; under which passive money differs from active only in that it is stored for a longer money period.

True use of the precious metals always to store value.

36. Certainly it is impossible to draw any clear line between current money and hoarded money. Money current to-day may be hoarded to-morrow; money hoarded to-day may be current to-morrow; and it may be often difficult to say whether particular money is hoarded or not, as, for instance, the reserves in the vaults of the Currency Department of India or of a bank. All that is clear is that, of all the precious metals in existence, a certain volume, subject to little or no expansion or contraction, which has been in this memorandum defined as active money, is required for the constantly recurring occasions when value must be transferred in retail from hand to hand, and the rest is excepting the insignificant portion devoted to artistic and industrial uses, hoarded or stored. The importance of the distinction between active and passive money must, however, not be overlooked; it lies chiefly in this, that representative instruments and devices can and do perform all the duties of active money, often far more conveniently than the money proper which they represent. But, speaking generally, such expedients cannot efficiently discharge the functions of passive money, because they are ineffectual for prolonged hoarding.

Distinction between active and passive money.

37. The laws which regulate the demand for gold and silver for storing value cannot be traced; its pressure is indefinite, and, perhaps, depends ultimately upon the volume of the products of the labours of man and the fruits of the earth not required for immediate consumption. This, and probably this only, is the demand which, by its pressure on their supply, ultimately confers upon the precious metals their permanent value.

Pressure of demand upon precious metals for storing indefinite.

38. The efficiency of the precious metals for storing value does not unhappily depend, like the efficiency of coal or wood for storing heat and force, exclusively upon intrinsic qualities of which mankind cannot deprive them, but, to a large extent, upon the common consent or even caprice of mankind; their intrinsic efficiency for storing value and, therefore, their intrinsic value, consists only in their superior fitness for this particular duty as compared with all other substances; but they may conceivably be at any time dethroned from this position; their value rests, in short, upon human laws, and can at any moment be destroyed by human laws.

Their efficiency for this purpose not intrinsic, but dependent upon human laws.

39. During the last 35 years the value of each metal in turn has been seriously imperilled by threatened or actual legislation of this kind. After the discovery of gold in California and Australia, one of the most distinguished of French Economists (Chevalier), and a well-known English Economist (Danson), oblivious, as it would seem, of the effect

Recent practical examples of this truth.

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of their proposals upon the existing standards of value and thus upon contracts throughout the world, earnestly and persistently advocated the disuse of gold as money; if their advocacy had prevailed, the value of gold would have been destroyed. Now, again, within the last few years silver has been actually demonetised in Europe, the stability of its value being thereby seriously impaired. Plainly, either metal might be at any moment demonetised, and its value indefinitely reduced by human legislation. If the suggestion that the value of both metals might, by like means, be simultaneously dissipated, be made with much hesitation, it is only because, as already said, it is difficult to conceive that it would be possible to find any other standard measure of value which could be, or at least is likely to be, substituted for both gold and silver.

Precariousness of their value under present conditions.

40. Upon so precarious a basis rests the whole fabric of that portion of human wealth which is stored in the form of the precious metals; the most permanent of all the forms of wealth, if human laws were unalterable; the most easily destructible by any change of such laws under the influence of panic, caprice, or misunderstanding of the abstruse principles which underlie the phenomena under investigation.

Relative values of precious metals are under human control.

41. If the conclusion be accepted, and it appears undeniable, that human legislation, by causing their disuse as money, and so incapacitating them for the duty of storing value, can deprive either, if not both, of the precious metals of the greater part of their value, it follows, conversely, that the value of either metal can, by the same instrumentality, be increased at the expense of the other, and, accordingly, that their relative value can, within wide limits, be fixed or defined; it was so defined, as has been shown, for three quarters of a century, in virtue of the law of a single country (France); and, provided that such a law is sufficiently general, and that its permanence is ensured, its effect must be universal and absolute.

Production and stock of the precious metals.

42. In a second Appendix to this Memorandum will be found an estimate of the total production and present stock of the precious metals. According to that estimate, the weight of gold and silver in human possession is about 510 millions of pounds troy, of which 30 millions of pounds (one-seventeenth part) is gold, and 480 millions (sixteen seventeenths) is silver. The aggregate value of the whole was, till recently, about equally divided between the two metals. The value of the whole may be at this moment about 2,800,000,000 £. So vast is the property, the value of either half, if not of the whole, of which lies, as has been shown, almost absolutely at the mercy of human legislation. If, by human legislation, or otherwise, one of these metals should be demonetised, its value would be practically destroyed and transferred to the other, the value of which would be doubled. The catastrophe which would follow upon such a revolution can hardly be imagined.

Effect of German demonetisation upon their relative values.

43. The immediate effect of the recent action of Germany may probably have been the transfer to the owners of gold of one-sixth of the value of the stock of silver existing in 1873, and the enhancement, in the same proportion, of all debts then existing, defined in gold, and of all recurring payments fixed, by contract or custom, in gold. By a happy accident, it seems probable that the claims of creditors by the silver standard have not yet been actually depreciated; at the same time, but for the action of Germany, such creditors would have been, to the foregoing extent, in a better position than they now are. Enormous injury has been caused to trade by the resulting oscillations in the value of both standards in search of a fresh equilibrium, and from apprehensions which still continue, lest other nations should follow Germany's example.

Gravity of risks lest other communities should follow suit.

44. These serious consequences from the comparatively moderate disturbance of the general standard measures of value due to the action of a single nation furnish some indication of what would happen if other nations should hereafter take similar steps. It is not too much to say that in such case that stability without which a standard of value cannot discharge its main functions, already gravely impaired, would be finally destroyed. This calamitous result can be certainly averted only by the concerted action of the principal nations, and no effort should be spared to obtain such concert.

Inferior stability of monometallic standard.

45. If gold alone, or silver alone, was by common consent made the universal standard measure of value, then, after an indefinite interval of incalculable disaster and ruin, a certain new stability of standard established upon the sole gold, or sole silver, basis might again be attained; but even then such stability, based upon one metal only, must inevitably be wholly inferior to that based upon the two metals in correlation, because the compensatory influences of the existing duplicate standards would be absent, and every passing fluctuation would operate upon a much smaller volume of material. To illustrate this, it may be asked what would have happened if the discoveries of gold in 1848 and 1851, which reduced the values of both metals by about one-fourth for 20 years, had operated upon gold alone? It seems probable that but for the steadying influence of the French yoke between gold and silver, the value of gold would have fallen by at least one-half; in other words, gold prices would have doubled, and creditors by the gold standard would have lost half their property.

Various forms of the bimetallic standard.

46. In order to the existence of a real bimetallic standard measure of value, it is not absolutely necessary that the two metals should be actually interchangeable anywhere, at a fixed ratio. Such a ratio would, in a great degree, establish and maintain itself without.

without any such interchange, if only a permanent share of the common field of employment were absolutely secured to each metal. At present, speaking generally, it may be said that the field of Europe and America is supplied only by gold, and the field of Asia is, to a great extent, supplied by silver; though even in Asia, notwithstanding that gold is not used for money there, much value is stored in gold.

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47. Thus, under present circumstances, silver takes a very substantial share of the work of storing value, not much less, as is shown in Appendix II., than one-half. Under this division of duty between the two metals, the value of each is, even now, in correlation to the value of the other, so that a bimetallic standard measure does already actually exist in a very important sense. If, indeed, permanency of the existing conditions could be ensured, the most elementary defect of the present state of affairs would be cured. But not only is there no security for such permanency, but it is scarcely to be expected that the nations will consent to guarantee the *statu quo* against all changes. Such an arrangement would leave America and France, especially France, burdened with a vast mass of silver money, representing value in excess of its own proper value; and even if this obstacle were surmounted, it is hardly to be expected that other nations, who have now a silver standard, will upon such conditions bind themselves for the common benefit to forego for ever the use of gold money.

Existing correlation of gold and silver.

48. After all, too, even if a bimetallic standard measure of value based upon the permanency of the *statu quo* could be established, it would probably prove inefficient for one essential purpose. With a perfect system of standard measures of value, there ought to be no difficulty in the transportation of either metal from one country to another. For example, by reason chiefly of the rapid accumulation of the public debt incurred for the consolidation and material improvement of the empire, the settlement of the accounts of India, including inland Asia, with the rest of the world beyond sea, has hitherto required the constant inflow of gold and silver. But it may be hoped not only that the debt of India will in due time cease to grow, but even that India may be in a position to repay some of its foreign debt. Whenever this state of things occurs, India ought to be able to retransport silver as well as gold without serious loss. It will be a great disadvantage to India if eventually it should find itself deprived of this manifestly equitable resource. It may, however, readily be conceived that if silver is not used for money in Europe, its value there would, under such circumstances, be so greatly depressed that its retransport might be impracticable.

Inefficiency of the existing correlation, even if it could be made permanent.

49. For these several reasons, the expedient of an international agreement to maintain the standard measure of value of each nation, as it now is, may be set aside as practically unattainable, and comparatively ineffectual.

Guarantee of *statu quo* rejected.

50. The simplest and most perfect theoretical form of a bimetallic standard measure of value would be an electron or amalgam of silver and gold in fixed proportions. But inasmuch as if the metals were amalgamated in the proportions which other considerations require, such an electron would not be distinguishable, otherwise than upon assay, from pure silver, this method also must be rejected as unattainable. Moreover, it would be too violently inconsistent with the actual facts of the world's money, which must practically predominate any settlement of the question.

Also the method of an electron or amalgam.

51. Another method also based upon the recognition of the bimetallic standard measure of value would be to endue the two metals with the *vis liberatrix*, upon which, as has been shown, their value depends, only when associated in fixed proportions. Thus, for example, it might be determined that debts should be discharged by the delivery of one part of gold and 15½ parts of silver. But this method would be, manifestly, so cumbersome and difficult in operation, that it, too, may be rejected, without more particular investigation.

Also that of associating the two metals in fixed proportions.

52. Thus three conceivable methods of giving effect to a bimetallic standard measure of value have been described, namely:

There may be other possible methods.

(1.) The surrender by each country, by international agreement, of the right to make any change whatever in its existing standard;

(2.) The general adoption, as a standard, of an electron or amalgam of gold and silver in fixed proportions;

(3.) The endowment of either metal with the *vis liberatrix* or *force libératoire* only when accompanied by a fixed proportion of the other.

It is quite possible that these three methods do not exhaust all possible alternatives for the establishment of a bimetallic standard measure of value.

53. Their recital, however, is useful chiefly to illustrate the principle of a bimetallic standard as well as the baselessness of the common prejudice that the relative value of the two metals is not subject to the control of human laws. As already said, the experience of the world under the dominion of the French Monetary Law of 1803 effectually disposes of that fallacy. That law, although confined to a single nation, sufficed, for 70 years,

These several methods serve to illustrate principle and show efficacy of human laws.

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to yoke the two metals together within narrow limits, which even the revolutionary gold discoveries of 1848 and 1851 scarcely stretched. As has been shown in this memorandum, the value of each precious metal is immediately dependent upon human consent, that is to say, human laws only. A grave disturbance of the relative values of the two has actually been caused by the legislation of a single nation (Germany); and it seems certain that if the principles underlying the value of these metals were generally understood, the at one time generally received, but now nearly exploded, objection that their relative value is independent of and cannot be controlled by human laws, would never again be heard.

The French method.

54. The three alternative methods aforesaid have been described only to be rejected as being, for sundry reasons, impracticable. The only method left is that first introduced, instinctively, if not, indeed, accidentally, by the French Monetary Law of 1803, and now, in practice, monopolising the title of the Bimetallic Standard. By this method the coinage of silver and gold is unrestricted, and both metals are endowed with the *vis liberatrix* at a fixed ratio. For example, by the French law, a debt of 100 francs may be discharged by the delivery of coins containing either 450 grammes of pure silver or 29.0323 grammes of pure gold, being in the proportion of 1 : 15½.

Its efficacy in
maintaining the
stability of exchange
and of the standard
measure of value.

55. If a standard of this kind were adopted by all, or by a sufficient number of the nations, and if the ratio were fixed within certain limits, there can be no question but that the equilibrium and, to the utmost possible extent the stability, of the values of the two metals would be completely and permanently secured. The general adoption of such a standard would produce the same effect as the actual replacement of the two metals, gold and silver, by a single electron or amalgam of the two metals in the proportion adopted. To whatever extent, in the proportion used, the facts should be so disregarded as that after an imaginary amalgamation of the whole stock of the two metals in that proportion, there would remain a considerable surplus of either metal, the common standard would be, to that extent, subject to disturbance; but as such disturbance would not be confined to one country, but would extend over the whole world, it would be imperceptible, unless the error in the proportion used were very great. In no case would it affect the international exchanges which, by the adoption of a common measure of value, would be proof against all fluctuations beyond narrow limits.

Stability of such a
standard.
Effect of its general
adoption upon
creditors by existing
gold standard.

56. There seems no room for doubt that a standard measure of value resting upon this broad basis must, of necessity, be indefinitely more stable than such a standard resting upon the basis of one metal only, and that its adoption, under sufficient sanctions, would certainly deliver not India only, but the whole world, from all the evils to which, in the absence of any international agreement, it is now exposed; and this without serious injustice to any existing interests. No doubt, creditors by the present gold standard would lose some of their actual advantage; but for the most part this advantage has been acquired recently, and, being wholly unearned, is held upon no fundamentally equitable title. Moreover, the sacrifice entailed upon such creditors for the common good would probably in almost all cases be largely compensated, even to them, by the substantial improvement of their security, and the general increase of prosperity which must ensue from the establishment of the standards of value of the world upon a permanently stable basis.

Proper ratio between
gold and silver in
such a standard.

57. The question what particular ratio between silver and gold should be adopted in a bimetallic standard of this kind, though important is still only a subordinate question. Theory, as already indicated, requires that this ratio should be as nearly as possible the proportion which the whole stock of gold in the world bears to the whole stock of silver. But neither is it possible to ascertain this proportion with any precision, nor, whatever it may be, will it be permanently maintained. According to the statistics in Appendix II, this ratio at the end of 1878 was about 1 : 16. The ratio by the Law of the United States of America, now practically suspended, is 1 : 16. The ratio under the French Monetary Law was 1 : 15½. Although the American ratio probably approaches the more nearly to present theoretical precision, yet the proportion of silver to gold in the common stock is now constantly diminishing, and much wider practical effect having been given to the French ratio, it would probably be preferable to adopt it. There is no doubt that the French ratio would, in effect, secure as complete a stability of value in the standard as is attainable.

Proposed union.

58. Reference has been made in this memorandum more than once to the consent of a sufficient number of nations as essential to the establishment of a common standard measure of value. The greater the number of nations associated for such a purpose the more thorough would be the result. At the same time it has been shown how effectual has been the action of a single nation (France); and it is believed that, if America, France, Germany, and India were to unite with this object, the desired reform would be effectually and permanently accomplished, and that it might be even possible to dispense with the co-operation of Germany. The Government of British India need not hesitate to become a party to such a union to which it might be expected that other nations would quickly adhere. The Government of India should not join any convention to which France is not a party. Present circumstances imperatively demand a concerted action between France and India.

59. The

59. The conclusions suggested in this memorandum may be thus recapitulated. It is considered :—

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Conclusions recapitulated.

(1.) That value should be measured throughout the world by a common standard.

(2.) That this standard should, by the most effectual possible international sanctions, be secured against disturbance by any single nation.

(3.) That practically, however, the desired object would be attained by the union of America, France, Germany, and India, or even of America, France, and India.

(4.) That the best, because the most stable, standard would be the recognised bimetallic standard, that is to say, the optional payment of debts in gold or silver at a fixed ratio; and,

(5.) That this ratio should be that prescribed by the French Monetary Law of 1803, namely, 1 : 15 $\frac{1}{2}$.

60. To complete the reform advocated, the mints of all nations should be organised, and the levy of seignorage regulated, under international law. It would, indeed, be better still if in recognition of the fact that value, of which money is after all only the instrument, is cosmopolitan, the mints of the world could be managed as neutral or international institutions belonging not to individual nations, but mankind as a whole. This is, perhaps, an ideal, the realisation of which is distant; but it may be hoped that sufficient effect may be given to the general principle advocated, to deliver the world almost wholly, from the inconvenience and loss occasioned by fluctuations of the international exchanges, and greatly to alleviate the infinitely more injurious albeit less patent fluctuations to which the standard measures of value are now subject.

International Mint Regulations.

61. The adoption of these principles would still leave many minor improvements in the currency or exchange-machinery of the world to be desired; but none of them are important in comparison with the settlement of a common standard measure of value upon a secure and appropriate basis. The following may however be mentioned :—

Subsidiary currency reforms.

1. The universal establishment of proper principles as to the issue of subsidiary money of all sorts whether in paper or in any kind of metal. No such subsidiary money rests upon a sound basis which is not convertible, on demand, into standard money.

2. The assimilation of the moneys of different nations. It would be convenient if there were not only one standard measure of value, but a common unit of such standard; that is to say, if the several coins of each country contained the same weight of fine metal, or, at least, multiples of the same weight.

3. The general introduction of the decimal sub-division of money.

62. It is not necessary to speculate on the effect which the introduction of the bimetallic standard would produce upon the current or active money of the world. On the one hand it is not to be expected that such a measure would, for a long time, if ever, modify that universal preference of gold to silver, which is doubtless founded upon its *prima facie* inherent or intrinsic superior qualifications for storing value. The Gresham Law might, therefore, perhaps, operate to cause the recession of gold into the stores of passive money, where it would none the less effectually discharge its share of the common function of the two metals, although it might only appear, at intervals, in the rôle of active money. On the other hand, the greater efficacy and cheapness of the more valuable metal for the transport of value in large amounts and over long distances might possibly lead to its preferential use for the wholesale and international settlement of accounts.

Effect of international bimetallic standard upon metallic currency.

63. Doubtless, the substitution of silver for gold as the active or current money of the countries which now use gold, if, perchance, this should be the result of the introduction of the bimetallic standard, would be distasteful to those who are accustomed to the more portable and convenient instrument. But, while sympathy might be felt with their preference for gold, objections of this nature need not be ranked highly in comparison with the world-wide and substantial benefits to be expected from the reform which might possibly involve them; and when it is remembered that but a small fraction of the world, even now, uses gold for its current money, that little practical inconvenience is found to result from its absence in such different countries as India and Scotland; and that, by a suitable development of paper currency, the disadvantage of the greater weight of the less valuable metal can be so mitigated as to be almost neutralised, the conclusion need not be evaded that there is little real substance in such prejudices. The sentimental arguments which are connected with the supposed superior beauty, and the certainly superior value, of the royal metal, do not seem to deserve even a passing thought.

Gold might possibly disappear from active circulation. But too much weight must not be allowed to this disadvantage.

64. Lastly, one remarkable phenomena cognate to the subject of this paper may be noticed. During the 30 years ending with 1878, the stock of gold in the world was nearly doubled, and one-fourth was added to the stock of silver. This rate of increase to the stock of the two metals was unexampled. Some temporary inconvenience was caused by the consequent

The additions to the stock of the precious metals since 1851 have caused no lasting loss of their value.

Appendix. Section IX.	sequent fall in the value of these metals, or, in other words, the general rise in prices; but although as yet the production of the precious metals is but slightly abating, there has of late years been a marked reaction in prices, which have receded very nearly to the level at which they stood in 1850; that is to say, notwithstanding the unprecedentedly vast additions to the stock of the two metals and their continued great, although now diminishing, production, they have already nearly regained their former value.
Concomitant increase of human wealth.	65. This paper must not be prolonged by an attempt to analyse the causes of this unexpected, not to say extraordinary, result. But it deserves remark that the period during which these unparalleled additions have been made to the general stores of the precious metals, not at all, as is believed, to the active metallic money of the world, has been also a period of unparalleled development of the general resources of the human race and unprecedented material improvements. If it be true that the fundamental and principal use of the precious metals is to store the surplus produce of the soil and of human labours, then it seems to follow that the growth of this surplus has ultimately kept pace with the supplies of the precious metals, greatly as these supplies have been for the time accelerated.
Probable connection between these phenomena.	66. Thus it becomes a not violently improbable assumption that there is no remote connection between the supplies of the precious metals and the progress of material improvements in the world. Indeed, it would not probably be difficult to trace, in the recent history of British India, a direct relation between the contemporary discoveries of the precious metals and the activity of labour which would otherwise have remained dormant; the cultivation of land which would otherwise have continued unproductive; and even the preservation of human lives which would otherwise have perished.
Threatened contraction of supply of the precious metals.	67. According to all available information, we have now to contemplate the probability of a progressive contraction of the supply of these metals. If so, it is peculiarly important just now to prevent the further disuse of the less valuable metal, and it would be just now especially disastrous if mankind should finally resolve to use gold alone for the storage of value, and decree the destruction of the value of silver.
Cosmopolitan character of the question.	68. Many of the arguments used in this paper have travelled beyond the scope of the British Indian interests, and adverted to cosmopolitan considerations which may at first sight seem to be outside the duties of an Indian official, but for this no apology is necessary. The truth is that in this matter at least the interest of each country is identical with the interests of the whole world. Therefore, in the advocacy of the great reform which is the object of this memorandum on behalf of India, it has been necessary to plead on behalf of all other nations.
The interests of India.	69. At the same time this paper has not been prompted by a quixotic desire to promote a reform with which India is not concerned, but solely by the conviction that the interests of this great empire imperatively demand its adoption. The yearly loss to India from that recent monetary disturbance, which was possible only by reason of the absence of international engagements for the equitable protection of the monetary interests of all nations, has been estimated at about 2½ crores of rupees. Large as is that sum, it represents, it is believed, feebly and inadequately, the injury inflicted upon British India, by the loss of general confidence in the stability of its standard measure of value. Moreover, India is left, meanwhile, constantly exposed to the consequences of the actions of other nations over which the Government of India have no control.
Importance of the problem.	70. The restoration of public confidence in the standard measure of value of British India by its re-establishment upon a stable and secure basis, and the deliverance of the Government of India from risks and apprehensions, which, as has been said, make any settled financial policy well-nigh impossible, seem to be objects worthy of vigorous and sustained efforts, and of the application of all the resources at the command of the highest statesmanship.

R. B. Chapman.

Simla, Department of Finance and Commerce,
2 June 1880.

ANNEX I.

PRICES and VALUES of Typical Commodities in GOLD and SILVER in *London* and *Calcutta*.
(Prices and Values of March 1873 = 100.)

	ACTUAL PRICES.		PRICES IN GOLD.				VALUES IN SILVER.			
			Compared with March 1873.		Per-centage of Change since 1876.		Compared with March 1873.		Per-centage of Change since 1876.	
	April 1876.	December 1879.	April 1876.	De- cember 1879.	Rise.	Fall.	April 1876.	De- cember 1879.	Rise.	Fall.
IN LONDON :										
Gold - - - - -	-	-	-	-	-	-	111. 72	113. 94	1.99	-
Silver - - - - -	535 d.	524 d.	89. 54	76	-	1.98	-	-	-	-
Scotch Pig Iron - - -	58 s. 3 d.	65 s. 6 d.	49	55	12.2	-	55	63	14.5	-
Coals, Hetton, Wallsend -	21 s. 3 d.	16 s. 9 d.	63	50	-	20.6	71	57	-	19.7
Copper, Chili Bars - -	79 l.	66 l. 10 s.	88	74	-	15.9	99	85	-	14.1
Straits Tin - - - - -	71 l. 10 s.	90 l. 10 s.	49	62	26.5	-	55	71	29.1	-
Wheat - - - - -	45 s. 3 d.	47 s. 1 d.	82	85	3.6	-	91	97	6.6	-
Flour, Town-made - - -	40 s. 6 d.	40 s. 6 d.	86	86	-	-	96	98	2.1	-
Beef, inferior - - - -	3 s. 8 d.	2 s. 10 d.	110	85	-	22.7	123	97	-	21.3
Beef, Prime, small - -	5 s. 6 d.	5 s. 1 d.	105	96	-	8.5	117	110	-	6.
Cotton, Middling - - -	6½ d.	7 d.	69	76	10.1	-	77	86	11.7	-
No. 40 Mule Twist - - -	11¼ d.	10¾ d.	80	77	-	3.7	90	87	-	3.3
Wool S. D. Hogs - - -	16 l. 10 s.	14 l. 10 s.	80	71	-	11.2	90	80	-	11.1
Sugar, Manilla - - - -	14 s.	18 s. 6 d.	72	95	31.9	-	80	108	35.0	-
Coffee - - - - -	82 s. 6 d.	71 s. 6 d.	95	88	-	12.6	107	94	-	12.1
Saltpetre - - - - -	22 s. 3 d.	26 s. 9 d.	80	96	20.0	-	90	110	22.2	-
IN CALCUTTA :										
	Rs. a.	Rs. a.	VALUES IN GOLD.				PRICES IN SILVER.			
Grey Shirtings (8 lbs. 2.4 oz.)	5 -	4 11	75	69	-	8.	84	79	-	5.9
Mule Twist, White Good, No. 40.	- 5½	5 1½	77	70	-	9.1	86	80	-	6.9
Turkey Red, No. 40s, 12 lbs.	1 8	1 3½	82	66	-	19.5	92	75	-	18.5
Orange, Nos. 14-60 - - -	- 13¼	- 12¾	79	74	-	6.3	88	85	-	3.4
Copper, Sheathing - - -	39 4	32 12	89	72	-	19.1	99	82	-	17.1
Iron, Flat, Bolt, Bar and Square.	3 11	3 1	73	60	-	17.8	82	68	-	17.
Spelter, Hard - - - -	10 13	8 -	136	98	-	27.9	152	112	-	26.3
Hides, Buffalo, Patna - -	72 -	125 -	54	91	68.5	-	60	104	73.3	-
Jute, Picked - - - - -	24 -	31 -	117	148	26.5	-	131	169	29.0	-
Linseed, Fine Bold - - -	3 12½	5 1	76	99	30.2	-	85	113	32.9	-
Rice, Ballam - - - - -	2 7	3 2	103	129	25.2	-	115	147	27.8	-
Saltpetre - - - - -	5 6	6 11	62	75	20.9	-	69	85	23.2	-
Sugar, Gurpatta - - - -	6 10	8 8	61	76	24.6	-	68	87	27.9	-
Tea, Good Souchong - - -	- 12	- 8	97	64	-	34.0	109	73	-	33.0
Wheat, Doodiah - - - -	2 8	3 10	66	95	43.9	-	74	107	44.6	-

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ANNEX II.

ESTIMATES of the Production of the PRECIOUS METALS since the discovery of America, and of the STOCK in existence before that event (compiled from various sources).

	GOLD.		SILVER.		
	Kilograms.	Lbs. Troy.	Kilograms.	Lbs. Troy.	
In existence in 1492 *	87,870	235,420	3,222,395	8,633,833	
Produced elsewhere than in Extra-Russian Asia, 1493-1848. *	4,415,498	11,829,856	134,650,078	360,750,000	
Produced in Extra-Russian Asia, 1493-1847 *	1,288,768	3,452,827	3,107,309	8,325,000	
1849-1850 * - - -	102,515	274,656	2,071,539	5,550,000	
TOTAL 1493-1850 + -	5,806,781	15,557,339	139,828,926	374,625,000	Values in sterling money in 1878:
1851-1875 † - - -	4,821,775	12,918,339	31,003,825	83,064,414	Gold - - - £. 1,519,482,000
1876-1878 ‡ - - -	410,062	1,098,026	5,293,934	14,183,333	Silver at 50 d. an oz. troy - - 1,298,665,000
GRAND TOTAL + - -	11,126,488	29,809,724	179,349,080	480,506,080	At 60 d. Jitro - 1,558,398,000

* Tooke and Newmarch, Vol. VI., pp. 141, 142, 150, 231. † Soetbeer, Production of the Precious Metals (1879).
‡ Sir Hector Hay, Statistical Society's Journal, 1879, p. 436.

NOTE.

All the authorities who have shared in the compilation of these statistics, concur in the warning that the figures, especially before 1848, must be taken with reserve. They are, in fact, at the best, only guesses carefully made by competent observers, after examining all kinds of data.

Even as such they are open to the following criticisms and remarks :

- I. The estimate of the metal already won in 1492, avowedly, only includes the stock in Europe, Russia in Asia, and Mediterranean Africa. It does not include the stores already won from the earth in America, Asia, and the rest of Africa. Even the European stock seems, probably, much underestimated ; and it is likely that the Asian store was already large.
- II. The estimate of the produce of Extra-Russian Asia between 1493 and 1847 is by a Russian authority, M. Otreschkoff. It does not, apparently, include India or Japan ; yet there are indications that the production of gold in India may, in the past, have been considerable.
- III. The statistics since 1847 apparently include little or nothing for Extra-Russian Asia ; and the greater part of Africa is, throughout, excluded. But Jacob speaks of considerable produce in Africa, and values the produce of Asia in gold at 1,235,000 l. a year, and in silver at 165,000 l. (Jacob, On the Precious Metals [1831], chapter xxvii). Otreschkoff estimated the gold production of China at 600,000 l. a year, and of Sumatra, Java, Borneo, and the Archipelago at 2,400,000 l., and the silver production of China at 180,000 l. a year (Tooke and Newmarch, Vol. VI., p. 762). Chevalier estimated the yearly produce, before 1865, of Extra-Russian Asia and the Asiatic Archipelago and Africa at no less than 80,000 kilos. of gold (nearly 11,000,000 l.), and 500,000 kilos. of silver (about 4,300,000 l.) (Money, edition 1866, p. 557).
- IV. On the other hand the figures in this table since 1492 allow for no waste and no losses, as for example, by shipwrecks, fires, forgotten hoards, and the like.

Perhaps these several omissions may be set against each other ; and the weight of gold now in existence estimated as follows :

	Kilograms.	Lbs. Troy.
Gold - - - - -	11,200,000	80,000,000
Silver - - - - -	179,200,000	480,000,000

But these estimates probably err in the direction of being too low.

(C.)

Presented by Mr. Dana Horton (page 43).

HISTORICAL NOTE on the Ratio of $15\frac{1}{2}$ in France.

At the opening of the Sixth Session of the International Monetary Conference of 1878, in pursuance of an announcement on the part of the President, Mr. Ruau presented as an Exhibit the Declaration of Louis XVI, of 1785, by which the ratio of $15\frac{1}{2}$ was first established in France.

To not a few students of money this fact was first made known through this announcement.

In an important work on the production of the precious metals, lately published, Professor Soetbeer, the Monetary Counsellor of Germany, marks this announcement of Mr. Say as an event of importance in monetary discussion.

"It is well known," he says, "that the ratio of $15\frac{1}{2}$ to one has been of late accounted to a certain extent the normal relation, inasmuch as it lies at the basis of the double standard in the countries of the franc, and as the prices of silver have, on the average, remained close to this ratio throughout the first seven decades of our century, and in view also of the fact that the transition from the silver valuation to the gold valuation in Germany has taken place upon this basis. The French Monetary Law of 1803 has hitherto been almost invariably regarded as the starting point of this opinion. The French Minister of Finance, Léon Say, has, however, employed the occasion of the International Monetary Conference in August 1878, to point out, by reprinting an older French Ordinance of 30th October 1785, that the recognition of this ratio had already taken place 18 years before. Article I. of this Ordinance is as follows," &c.*

Although allusions to the re-coinage at $15\frac{1}{2}$ in 1785 may be found in one of Gallatin's writings of 40 years ago, as well in Chevalier's *La Monnaie*, and in one of Cernuschi's works, yet for the general reader, Dr. Soetbeer has certainly not overrated the novelty of the information presented by Mr. Say and Mr. Ruau.

In general monetary discussion, not only is French bimetallism identified with the Law of 7 Germinal, year XI., but 1803 is regarded as the date of the birth of the ratio of $15\frac{1}{2}$.

Now the law of 1803 has been the apple of discord over which the battle of the standards has raged in France, and as France has herself been, so to speak, the chief theatre of the continental conflict on monetary subjects which has been going on for a quarter of a century, it is not unnatural that to the great mass, both of lookers-on and of combatants, the law of 1803 should occupy a position of commanding interest.

Did the law of 1803 by implication ordain what the American law of 1793 did explicitly? Did it "put the standard in the two metals," or was silver the real standard and gold merely a brilliant satellite of silver?

The importance of the question, the intensity of feeling which it excited, may most aptly be suggested by the eloquent words of the first elaborate and comprehensive treatise ever written on money; I refer, of course, to Chevalier's *La Monnaie* (see pages 220 and 221, ed. 1866)—in which the distinguished author, appealing to the law of 1803, vindicated the right, "inalienable, imprescriptible, absolute," of the holder of French National Bonds to have them paid in francs of five grains of silver nine-tenths fine, and scornfully rejected the claim of francs of gold ever to be the measure of the obligations of France.

Now, in the controversies waged over this law of 1803, one point has been accepted, namely, that in 1803 $15\frac{1}{2}$ was really the rate of exchange of the metals in the market. It is safe to say that by members of the various great Commissions instituted by the Second Empire of Napoleon, that great edifice of ambition which was to have been crowned with metric and monetary unification centering in Paris, it has not been questioned that the ratio of $15\frac{1}{2}$ was not created arbitrarily, but was adopted because it was recognised as an "economic fact"; because in the movement of the world's supply and demand for the metals respectively, $15\frac{1}{2}$ was the normal point of equilibrium, so that the fixing of a ratio by French law was, in point of fact, a mere echo of "commerce;" that it was merely a ratification of the market rate of exchange between the metals as bullion, which had been fixed by commerce independently of the influence of French law itself.

It is the appearance of this idea in the addresses of Messrs. Burckhardt and Pirmez, which

* From Soetbeer, *Edelmetall-Production*, Gotha, Perthes, 1879, page 130.

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which suggested the presentation of this Paper as an Exhibit to the Journal of the Conference of 1881; it is worth remarking that at the same period a distinguished Swedish statesman, Mr. A. G. Wallenberg, in the "London Economist," of 7th May 1881, was making use of this same idea as a decisive argument.

Now, the monetary questions of to-day resolve themselves, on final analysis, into the assertion or denial that governmental policy sensibly affects the demand and may regulate the ratio of exchange of the metals; and it is plain that if the French legislator had chosen a ratio which was not the ratio of the market, an opportunity would have been given to study the effect of the introduction of free bimetallic coinage, with a minimum mint-charge, in the country which held a larger stock of the precious metals than any other two of the civilised nations; while the admission that the French legal ratio was, in fact, merely transferred from the market to the statute-book deprives controversy of the benefit of this test.

It is evident then, that apart from the mere question of history, a point of considerable interest in monetary doctrine is involved in this matter of the adoption of $15\frac{1}{2}$.

When, therefore, the attention of the monetary public is called to the fact, that the ratio of $15\frac{1}{2}$ was established in 1785, not in 1803, is it not natural that the elastic faith of the monetary public should be ready to assume that what was believed to be true before should remain true; that the French legislator had not wandered from the teachings of what French thinkers maintained to be those of science, and hence that $15\frac{1}{2}$ was the market ratio in 1785 as well as in 1803? Circumstances seem to warrant this inference. The statement of the President of the Conference, on page 57, clearly points in this direction, while some expressions of the learned Chief Delegate of Switzerland in the Conference touch directly upon the point. The reader will find on page 82, an allusion of Mr. Feer-Herzog to $15\frac{1}{2}$ as the extremely fortunate or happy (*heureux*) ratio which France had adopted in 1875, while on page 81, the learned Delegate deliberately attacks the American ratio of 15, adopted in 1793, because it was too low, and imputes peculiar motives to Alexander Hamilton for choosing 15, when he should, in Mr. Feer-Herzog's view, have chosen a higher ratio, presumably $15\frac{1}{2}$, or something near it. (See also page 460.)

But the reader has already remarked the comments of Professor Soetbeer on this point. He will observe that after noting how the ratio of $15\frac{1}{2}$ had come to be regarded as "normal" from 1800 to 1870, this pre-eminent monetary authority alludes to the event to which Mr. Say called attention as a recognition of the ratio of $15\frac{1}{2}$ in 1785. Of course, if the law of 1785 was a mere "recognition," it was a recognition of an existing fact; there must have been an existing market ratio of $15\frac{1}{2}$ to be recognised, and, if this be true, the faith of the monetary public in the fidelity of the law of 1803 to the market rate may be safely transferred to the law of 1785.

Now, in addition to the historical and economic interest attaching to this subject, the question thus apparently taken for granted in quarters in which tone is given to public opinion, has a certain sense an international character.

The criticism of national monetary policy of the past is necessarily the school in which the monetary statesman of to-day must learn the lessons of experience.

If the natural assumption of which I have spoken, namely, that $15\frac{1}{2}$ was the market ratio in and after 1785, be correct, it is plain that the United States, in adopting the ratio of 15 in 1792, committed an error of policy only equalled by the recoinage of gold at 16 in 1834-'37.

On the other hand, if the ratio of $15\frac{1}{2}$ was not the ratio of the market, the policy of France becomes the subject of investigation; and if the ratio of 15 were then economically the fit one, anything derogatory to it is not only unjustified, but withal, is *crimen læsæ majestatis*; not merely because it was the choice of Alexander Hamilton, but also, because from a metrical point of view 15 to 1 is, through its relation to the decimal system, the most convenient ratio which has been within reach of mankind in modern times, and hence *per se* preferable to $15\frac{1}{2}$.

But not only is the character of the monetary policy of these two great States at stake, but that of England also. If, after 1785, gold stood at a price in Paris so high, as compared with the English ratio 15·21, that there was profit not only in sending gold in preference to silver to Paris, but that there was profit in importing silver from France into England, to be coined into English money, how was it that this natural movement did not take place, that this natural "course of events" was turned awry, and never claimed the name of action? How was it that not until 1798, did the rise of gold above 15·21 bring about the appearance of silver at the English mints?

In presence of queries like these, so likely to arise if the study of monetary policy be further pursued, so necessary to be solved, if the lessons of experience are to be rightly read, it seemed useful to supplement the information for which the monetary student is indebted to Messrs. Say and Ruau, concerning the declaration of 1785, by setting forth more in detail the motives and character of this important measure, and also, if possible, to present some information concerning the market ratio of the metals between 1785 and 1803.

Strange to say, this latter question, thus raised, strikes with hollow sound upon one of the empty spaces of modern monetary literature.

No one has apparently sought to collect material in order to answer the question categorically; nor indeed, has any attempt come to my knowledge to compile any table of the rates of and exchange of bullion in the market of Paris, such as Soetbeer published for
Hamburg

Hamburg in 1855, and such as was compiled by Mr. Ingham for London in 1830. But more than this, the French monetary literature of that early date has not suffered from unnatural neglect.

In fact, both Chevalier and Wolowski, the well-known leaders of French thought, the one in his *La Monnaie*, the other in his *L'Or et l'Argent*, would seem to date the important scientific activity of France from 1803, and to treat what preceded 1803, merely as a preparation for, and purely in reference to, the law of 1803. And, strange to say, both of them mark the beginning of this preparation with a great speech of Mirabeau of December 1790.

In view of these facts, it has appeared to me useful that I should communicate to the public the results of some researches I have been able to make in the monetary history of France. I have been enabled by means of these researches to bring to bear upon the questions here stated, the contributions to monetary discussions of certain contemporary writers, of whom monetary literature does not seem to have taken account. In seeking what was the motive, what the result, of the recoinage of the gold coins ordained by the declaration of 1785, I found full information in the "Requête au Roi," published in 1787, by Mr. de Calonne, the responsible author of that measure. This melting down of gold pieces coined at 14½, and recoinage of them at 15½, formed a most important episode in the career of the Finance Minister of Louis XVI, which had exile for its close. Formally accused before the Court at Paris, by the Prosecutor General, of peculation in connection with the recoinage of the gold coin, and with the management of the finances in general, Calonne published at London a brilliant defence of the measure, worthy of the able and accomplished statesman of the old régime; long extracts of which I have had the pleasure of presenting to the English reader in the document above mentioned.

So far as the adoption of the ratio of 15½ is concerned, I can state the outcome of the matter in a few words. What seems to have determined Calonne to adopt 15½ was the fact that Spain and Portugal had the legal ratio of 16, and that there was therefore a probability that in the future gold would rise in value. As for the market price, he admits it was only 15.08—15.12 in 1785. At the same time, according to Calonne, this raising of the legal rating of gold which he had decreed, brought a profit of 7,255,216 livres to the King's purse, and a profit of 21,600,000 livres to the holders of old *louis d'ors*.

Naturally enough, there was no lack of criticism of such an alteration of the coin of the realm.

In a Report made to the National Assembly of 1790, on the part of the Committee on Money, there is a severe attack upon Calonne's policy, a reproduction of a paper written in 1785, by a member of the Committee:—MM. Bontin, Fargès, Valdeck de Lessart, de Fortbonnais, Desrotours, Dorigny, De la Châtre, Sylvestres de Sacy, Cressart, Tillet, De Borda, Lavoisier, Tournachon, Gresling, Oudart, Gillet, and Solignac were members of the Committee. Their Report is a profound discussion of the subject and makes a volume. It was presented to the National Assembly by M. de Cussy.

The ideas of Mr. De Fortbonnais and Mr. Desrotours seem to have prevailed in the Report; its conclusions being: the silver standard, with an authorised circulation of gold coins, at the rate of 14½, the abolition of all *retenu* or *seigniorage*; that is to say, the introduction of the English system of gratuitous coinage.

The importance and the interest of this document, which seems to have been completely ignored in monetary literature, has suggested to me the question whether this fact is not another testimonial to the fatal eloquence of Mirabrou who crushed this Report by his great speech of 1790, of which we have already spoken.

The opinion of the Committee of 1790, which gave 14½ as the ratio of the two metals in the market, supports the figures given by Dr. Soetbeer for the Hamburg market. In fact, Dr. Soetbeer's tables indicate an average rate for the 50 preceding years, 1740-1790, of 14.74, which is almost identical with the 14½, recommended by the Committee of 1790. It is evident then that Hamilton was perfectly right in 1791 in establishing the ratio of 15, and that the French Legislator, far from "recognising" the existence of the ratio of 15½ in 1785, created it at one stroke *ab ovo*.

The events of the French Revolution are so well known, that I may dispense with examining here the condition of the coinage and of the ratio between gold and silver in the period that followed, 1790-1802.

It was by the law of the year XI. of the French Republic (1803) that the principle of freedom of coinage of the two metals, at 15½ to 1, was definitely established, and it was therefore in 1803 that the working of the bimetallic system, such as it is known in the 19th century, began in France. We have then simply to inquire what was the market rate in 1803, the year of the discussion, and of the adoption of the present bimetallic system in France.

It is in the Report to the Consuls of Gaudin, the Finance Minister under whose auspices the law was passed, that I have been enabled to discover the admission that 15½ was the proportion, not of the market, but of the law.

Gaudin presents as a quotation, in his report, a long series of observations, made, he says, by a gentleman who thoroughly understood the subject, the object of which was to secure the adoption of the ratio of 15. The person thus quoted declares that for a long period the ratio has been below 15. The decisive point, however, with Gaudin was, that to change the *status quo*, by the adoption of 15, would occasion great losses to the holders of gold coins, and that there was no sufficient reason for so important a change.

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Gaudin's report is therefore the complete justification of the ratio of 15 chosen by Hamilton, and condemns, as being absolutely false, the alleged economic facts we have mentioned, namely, "that the legislator of 1803, in adopting the ratio of $15\frac{1}{2}$, did no more than sanction what the natural course of events had established."

I should add here that after having announced to the Conference the presentation of the above Exhibit, it came to my knowledge that the latter point had been presented to the public 20 years ago by Mr. Alphonse Allard, of Brussels, in his pamphlet, "*L'Or, l'Argent et le Commerce Belge*." (Bruxelles, 1861.) It was in a speech of Mr. Le Breton, pronounced in a Session of the Tribunalate (*Moniteur Français*, 3. *Germinal*, *An XI*.), that Mr. Allard found the assertion, that the price of the market at that date was 14.90.

It is perhaps worth while to note here certain observations which might naturally be made concerning the figures given by Gaudin and by Le Breton for the market rate of the metals. At London, as we have already noted, the price of gold rose above 15.21, in 1798, while for Hamburg, Soetheer gives for the period immediately preceding 1803 an average of about 15.40, while for 1802 he gives the rate of 15.26. Evidently we have here the well-known phenomenon of "local prices."

It remains to observe a fact connected with the relation of the French legal ratio to the market price of the metals, which is often curiously ignored.

Freedom of coinage at the rate of $15\frac{1}{2}$ to 1, under the French law, did not tend naturally to fix the rating of the two metals in commerce at $15\frac{1}{2}$. In commerce the cost of coinage is always to be considered; and the Mint-charge in France has always been greater for silver than for gold, reckoning by the value. The rate was originally fixed in 1803 at 3 francs the kilogram for silver and 9 francs the kilo. for gold. The true rate then at which the metals were received at the Mint, or what I have called the "Mint-ratio," was 15.69:1. In 1835, the charge was reduced to 2 francs the kilo. for silver, and 6 francs for gold, and the Mint-ratio became 15.626:1. In 1850, the charge for silver was reduced to 1 fr. 50 c., and the Mint-ratio became 15.586:1. In 1854, the charge for gold was reduced to its present rate, 6 frs. 70 c. the kilo. and the Mint-ratio remains at 15.583:1, or rather would so stand, if any silver were coined.

(D.)

NOTE on the Position of Law in the Doctrine of Money.*

Presented by Mr. Dana Horton (page 43).

THE true theory of the relation which, in my view, exists between Money and Law has not yet, I believe, been promulgated, so to speak, *ex cathedra*; it has not yet found its way into manuals of political economy through which the youth are taught, and the greater part of the monetary powers that be have not yet consciously framed their political action in obedience to its teachings.

This view is, in fact, excluded from credence by the doctrines which originally supplied motive for the most striking monetary movement of modern times; the still unabandoned persecution of silver by the civilised nations.

Gold and silver, say the leaders of this movement, are commodities, and they are nothing else. Like iron, like wheat, they belong to commerce, not to legislation. The stamp of the mint upon the disc of metal is a mere certificate of its weight and fineness. The great law of supply and demand which regulates the movements and the value of the precious metals pays no heed to the arbitrary commands of legislatures and of courts.

The learned reader will recognise these as admitted household truths of the magistral economic science of the day.

The acute reader will observe that with proper interpretation these postulates are capable of establishing in the field of practical policy that monometallism can do no harm, and that bimetalism can do no good, and that the choice of a money unit is strictly analogous to the choice of a unit of weight or of measure. (If proof were needed here, I could most conveniently refer to the expressions of some of the acute and learned European delegates at the Conference in earlier pages of this volume.) The field is thus, of course, left clear that gold, the lighter, the nobler metal, may draw mankind onward in the path of simplicity, unity, brotherhood, by becoming, as universal and sole money,

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* Extract from "Contributions to the Study of Monetary Policy," in the Document of the Monetary Conference of 1878 (Washington, 1879), p. 741. Translated by Professor Emile De Laveleye, under the title of "*La Monnaie et la Loi*."

the brightest jewel of that crowning glory of the world's future progress, a metric system embracing the entire globe.

And in favour of these postulates, and of the conclusions they justified, and of the hopes they inspired, it has long been possible to cite the practice of England, the policy of Germany, and the aspirations of France.

On the other hand, the late monetary action of the Government of the United States, not in coining the new silver dollar, be it understood, but in limiting the coinage and in calling the Monetary Conference of 1878, while it was the announcement of a policy of practical opposition to that which prevails in Europe, was also in the field of science, if rightly understood, a declaration of independence from the scientific errors of the anti-silver theories.

By the law of 28th February 1878, the United States became a teacher of reformed monetary doctrine.

The United States proposed to Europe concurrent coinage of silver and gold at one ratio, with a view to their concurrent use in the countries of the proposed union, and to the comparative steadiness of their relation to each other everywhere; and to do this was equivalent to an assertion by the United States, with that far-resounding utterance of which none but a great nation is master, that human law is a factor in the movement, and of the value, of the precious metals.

It is impossible to exaggerate the importance of the international questions to which the world's attention has thus been directed. The material interests of mankind are still hanging upon the issue of this controversy of the nations upon a question of fact. All science agrees that steadiness in value is the test of good money, and every one knows that confidence is the "life of business." If national laws be an important factor of demand or of supply of the metals, and hence a factor of their value, the monetary structure of the world, the entire economic organism in many countries, has been and must remain at the mercy of ill-advised legislation even in the few; while in the practical problem now at issue, it must be recognised that the persecution of silver being an attack against the steadiness of purchasing power of the world's money, both silver and gold; a disturbance of the world's valuations; a paralyzing blow at the world's production and exchange; from which mankind may still suffer for years to come as it has in the past, the remedy for a great part of the general evils under which the business world now suffers is to be found alone in concurrent monetary legislation, either in a new balance of power or in international union; if this be the teaching of scientific truth, and if the hitherto recognised interpreters of science have failed to enforce it, it is plain that "science" is in crying need of renovation. In any event the question has been raised, and the brain and heart of the thinker should be called into fullest activity, that the contest be at least decided as soon as possible.

If, therefore, an aggressive statement on my part can contribute to provoke from an opponent a successful refutation of these views, I shall still, though shown to be in error, have humbly served the cause of truth, and I shall rejoice if this list of materials of knowledge shall have afforded to my farther-seeing adversary any additional means of accomplishing this end.

In my own ascertainment of the necessity of a reformation of monetary science (so at least I regarded it) by according to private law, and to statute, a position in the doctrine of money analogous to the place which I have above assigned to it, in a list of books, an analysis of what the best minds had been able to advance as the argument for the gold standard long ago led me to seek to formulate for myself ("Silver and Gold," Cincinnati, 1876), with some precision, the logical foundation of their doctrine. It was thus that I was led to discover, as I believed, the remote origin of this theory as to demand and supply of, or causation of, the value of the precious metals. This theory of the partisan of gold and persecutor of silver, seemed to me to connect itself directly with a most ancient root of opinion, whose familiar fruitfulness in fallacy well accounted for the peculiar vigour of this redoubtable offshoot.

I refer "to the Law of Nature, or Natural Law."

Time forbids my attempting to sketch the history of this theory; suffice it that the thoughtful student, whether of morals or of religion, of politics or of law, will recognise it as a time-honoured and ever-fertile mother of the false as well as of the true.

What share of fact is there then, I asked, in the underlying substratum and foundation of this theory of the partisans of gold and persecutors of silver, in this assumed antithesis, this supposed mutual exclusiveness of jurisdiction between edict, decree, legislation, law, the arbitrary and official command of the State, on the one side, and nature, natural laws, the needs of commerce, the wants of trade, the natural course of events, so far as money is concerned?

Contrast there is, of course, and ever will be.

But to what extent are the precious metals, and coin made of them, subjected to the influence of these great forces, respectively? What is this "natural" state of affairs to which points this theory of the partisan of gold, of the persecutor of silver?

Obedient to this hint I followed money to its state of nature, to an imagined origin of civil society. Civil society, I saw, implied the growing recognition of obligations, and an inchoate but progressive enforcement of them. These obligations implied constraint of the free will of the individual by the free will of the community, or of its appointed ruler; and hence, as compared with previous conditions of its constituent parts, society

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itself meant something artificial, arbitrary, official; and the contrast could only be, in important respects, heightened as time went on, for while the individual was born and died, society did not suffer death, and its corporate existence, through its perpetuation, gathered accumulation of authority.

What was the position of money in this change? Was it not, I asked, a constituent factor in the evolution of society?

These obligations of which I have spoken, this differentiation of functions involved a division of labour, and compensations must be made by one part of society to another, and notably to the governor by the governed.

And what is this but saying that tribute and taxes are therefore indispensable to civil society?

Again, without sanction of some sort, the obligations of law are ineffective. Of what avail this moral growth, this recognition and creation of obligations, this sense of the right to enforce them, if there be no means of enforcement, no power to compel to submission the individual who is insubordinate to the collective will? Hence the command of obedience to the law must be supplemented by adequate means, either of prevention or of punishment. In fine, a penalty must be imposed for transgression. In many cases this penalty, being proportioned to the offence, must be, not loss of life nor mutilation of limb, not loss of liberty nor of privilege, but a simple transfer of property to the injured party or to the State. So again, in matters not criminal in their nature, when specific performance of obligation, refused by the recalcitrant party, cannot be conveniently enforced by the State, the injured party must be made whole by a transfer to him of the property of the other.

It is obvious, then, that if the origin of society implies an attempt at the administration of justice, it also implies fines and damages.

And what is the substance, the material of tribute and fine, of taxes and damages? Evidently, whatever it is, it must be money.

The power which demands them must say in what commodity the command can be lawfully satisfied, and whatever use there may be of payment "in kind," yet the institution of money is in existence. Cattle or shells, salt or silver, something has become for the occasion lawful money and legal tender.

Commerce, be it not forgotten, has been contemporaneously present in the evolution of society, and commerce has created a medium of exchange out of something generally acceptable as an equivalent. The individual has obeyed his needs, and he, as well as society, has made use of a money. Nay, the individual and the State, the convenience of both conspiring to that end, have used the same commodity as money. The merchandise which serves as income and expenditure of the State, and the enforced transfer of which gives law its sanction, has also supplied to the individual that "third thing to be compared with others," that "measure" which, in facilitating exchange and the division of labour, furthers civilization.

The money of commerce, therefore, and the money of the State are materially one; but the origin of this unique product is twofold. It is referable to distinct though correlated causes. In demand for a money the total free will of man has, so to speak, divided itself into two channels of volition. The necessities of government, in which is incorporated a part of the free will of man, conspire with the needs of the individual who makes exchanges with his fellows, in the creation and in the maintenance by all the force of private law of the institution of money.

So, in later stages of development, the existence of a form of capital which can be most easily transported in space and preserved in time finds its support in that activity of the law to which interest, fungibility, negotiability, are to be referred. In the lore of possession and of property, that debatable ground both of practice and of legal doctrine, money acquires a standing entirely different from that of ordinary movable commodities, and a loan of money becomes different in the eye of the law from the loan of other commodities, while the right of drawing interest as now recognised is the product of a slow evolution of legal right.

Such, then, seemed to me, in brief, the nature of the institution of money. It is this phase of coin which is neglected in the postulate first mentioned.

Now, this institution of money evidently necessitates in each nation the selection of some particular commodity to be used as money by its members, and the initiative and control of this selection is in the centralised power of the State.

We see here the power of legislation in the narrower sense of the word.

In every nation, arising from the mere fact of its organised existence, there is an universal and persistent need to employ something not merely as a medium of exchange, but as the legal instrument of valuation and legal means of payment, as lawful money and legal tender. It is legislation which directs this universal and persistent force upon this or upon that commodity, and in marshalling the force of human self-interest upon its side it provides effective means for the execution of its edicts. It thus affects the demand for the commodity selected, and if this be so, the second and fourth postulates of the partisan of gold are shown to be erroneous. In modern days this initiative and control is peculiarly the province of the State. Centralisation has grasped the reins of money. The great modern movements in extension of what we call the "credit system" are an indefinite expansion of these very obligations over which,
by

by fixing means of their fulfilment, the legislature and the court inevitably hold jurisdiction.

But it may be supposed—and great minds have naïvely sanctioned this error—that there is no range of choice for the legislator in the selection of money; that he is powerless in the hands of commerce: so that his functions are merely ministerial, and his efficient influence *nil*.

Let us examine, in this connection, the third postulate, "The stamp of the mint is merely an official certificate of weight and fineness."

Is this true? Is not the stamp of the mint far more?

By that stamp, bullion, which before was only potential money, a part of the physical basis of the world's great institution of money, has become actual money in the State which coins it. Through that stamp, the piece of metal has become a means of payment, at schedule rates, of all obligations enforceable within the borders of that State. Through that stamp the commodity bullion has become the commodity money.

Now, in itself this formula, this "official certificate of weight and fineness," does not explain the nature of the commodity bullion. It does not explain the nature of the commodity money. Nor does it indicate the reasons why this stamp works the transition from one to the other.

Evidently, then, this "official certificate of weight and fineness," to which most economists try to limit the activity of the legislator, is essential in the doctrine of money, just as in war the clothing, the uniform of the soldier, the title of the officer, are really matters of first importance.

An army naked and without organisation is evidently as little to be thought of as money without mints.

But, at the same time, to dignify this matter of the "stamp of the mint and official certificate" to the position of being an exhaustive formula of monetary science, is it not as if we should gravely assert in ponderous volumes that campaigns are matters of epaulets, and that the fate of nations depends upon gold braid and striped pantaloons?

On the other hand, if this dictum, instead of being presented as an exhaustive formula of science, assume the more modest rôle of a simple rule of the art of money, a maxim of monetary policy, it entirely justifies itself. If we say merely "the stamp of the mint ought to be an official certificate of weight and fineness," which is as if one should say, "that which is called a dollar ought to be worth a dollar" in the market, we find ourselves in possession of a sound and solid guide to action.

It is as if one should say, in speaking of the art of war, "armies should be clothed in uniform, and be commanded by officers of varied grades of command."

What can be more true and yet more innocent of scientific importance?

But if the interpreters of science have rejected the maxim of policy, and cling to the formula of science, it is evident that we are more advanced in the art of war than in the doctrine of money, the great art of peace.

In this connection I may mention another dictum which rejoices in the indiscriminating support of some distinguished men. "It is impossible to establish an unalterable ratio between the two metals." A dispassionate consideration will, I think, show that this dictum is likewise true to a slight extent, and untrue to a very great extent. And this modicum of truth, like the skin of the Dead Sea Apple, is on the outside, and intercepting the glance, deceives the unwary eye. Does not this dictum stand, in fact, upon the same level with the doctrine "it is impossible for a man to draw a line absolutely straight;" or is it not, in truth, parallel with the denial of the possibility that the world can show two things which are exactly alike?

Undoubtedly if the civilized nations were to join in coinage of both metals at one ratio, a small proportion of the total of exchanges of the metals might still be made at a different ratio. Human free will is not likely to abdicate its privileges in favour of a Coinage Treaty. Of course a single exchange made anywhere in the world, at a ratio above or below that fixed by the supposed Treaty of Christendom, would make the desired break in the uniformity. When the strain is from one end to the other, the strength of a chain is that of its weakest link. Of course no matter where the break is in the line, if there be a break the line is not absolutely straight. If two objects be in ever so slight degree dissimilar their identity disappears. So it is true that it is impossible to establish in permanence and universally a fixed ratio between the metals, as it is true that no one can draw a line absolutely straight or show two things that are exactly alike.

But at the same time this co-called impossibility of a fixed ratio between the two metals is as unworthy to support a statesman in denying the possibility or desirability of a successful establishment of a fixed ratio, as the impossibility of making anything straight, or of making two things alike, is unworthy to prevent the construction of machinery and works of engineering. Machinery and engineering works all demand, for their perfection, straight lines and identity between different parts. At the same time substantial straightness, substantial identity, will suffice. In practice the infinitely small can be neglected by the engineer and mechanic; why not by the statesman, why not by the economist?

Returning now to our question we ask, What are the facts in this matter of the legislator's choice of material of money. Leaving copper out of account, to-day there are various weights of gold and various weights of silver. Cannot the legislator fix the weight of coin as he will?

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Again, there are the two metals taken together under a variety of conditions, and they can be taken at any one of a variety of ratios to each other.

And the protean forms of credit, metallic tokens and paper money, are also constantly at hand.

The history of our century is full of legislative acts of selection of these kinds.

A consideration of facts comparatively familiar will plainly show that if in one nation the monetary legislator has avoided the Scylla of paper money, and with a single metal sails past the Charybdis of a ratio, yet he is still at sea; he must either select afresh, or he must maintain some fixed weight of that single metal as the legitimate successor of that national unit of valuation which the past has transmitted to his care. And that unit of valuation must be saved from the shipwreck of great fluctuation in its purchasing power. If the single metal fail to support that unit steadily, the legislator must be ready to change his course, and to hoist what sail of law is needed (whether it be an Act of Suspension of Cash Payments, or of the "Bank Act," or a new Act of Coinage or of Legal Tender), if only he can keep free of the breakers. It must also be clearly remembered that for the monetary legislator there is no port of refuge absolutely safe. Money is only by courtesy a part of a metric system; it is folly to forget, as the monetary metrologist is constantly doing, that there is no real "standard of value;" the safest of all safe footing for the monetary legislator is at best but an instrument of valuation that contracts and expands under the action of demand and supply, and it is as true of the monetary legislator as of the mariner that constant vigilance is the price of safety. And the safety of the money interests of commerce lies in keeping money under the constant protection of wise laws.

Such, then, are in brief the grounds upon which I have felt it necessary in presenting a list of modern publications concerning money, to warn the student against error by vindicating to the jurist and to the statesman a jurisdiction in the doctrine of money by the side of that of the professed economist.

It remains, however, to anticipate a reply which will naturally occur to one who has pinned his faith upon the postulates which I seek to refute. I desire to say clearly, therefore, that the position here ascribed to law in the learning of money in no sense demands the exclusion of a single one of the other elements of this learning which I seek to set forth in this list. The entire tide of human action, the entire material of which political and economic science treat, have, of course, been elements of the conflict of forces of which the monetary status at any given time is the outcome. The position of law is merely that of the seeing eye, the guiding hand, the will directed, specially, to the maintenance of money.

Law alone has acted with constant and effective force in one general direction to this end.

Amid a wilderness of conditions the law has been a cause.

In a state of quiescence one may remain ignorant of the persistent force of monetary law; just as one can remain unconscious of the force of gravitation. But the force is there, and the maxim, ignorance of the law excuses no one, is also in force in both cases. The innocence with which one may slip from a precipice or stand in the way of an avalanche is no preservative against death from such attempts to ignore the force of gravitation. And, like gravitation, the power of law can be effective although its activity be not apparent. It can be active by what, from a partial point of view, would seem merely passive, negative, mere acts of omission.

It is strange to what an extent some thinkers have been blinded to this truth; as if a statute any more than a granite boulder could lose its weight by lying still.

An illustration close at hand will perhaps clear up this contrast between conditions and a cause. A quarter of a century ago when Australian and Californian gold, added to the outflow of Siberia, threatened to bear down to permanent depreciation the entire stock of the world's money, France and England were called upon by certain thinkers to demonetize gold. It could have been done. English and French statutes had as much power to outlaw gold in England and in France, as had the statutes of Holland and the statutes of Belgium to exclude it from legal tender in those States. Parliament and Emperor could have passed the statutes had they desired it. They refused to do it. The older statutes remained in force. They maintained gold in its monetary privileges, and they saved gold. But for statutes, to be read in the books which I have cited, gold would have been where silver is to-day.

And yet, as I have said, merely because the statutes had been in force for a long time, it is not uncommon to hear that in the presence of the gold discoveries, law was powerless!

Of course it should be understood that while law remained a cause there was a change of monetary conditions; the discovery of the gold fields and their colonisation, like these laws which maintained gold, were also acts, and of course they cannot be left out of account, but there was in them no centralised power moulding the institution of money to definite ends. Add to the secrets of the earth the nature of man, with his adventurous spirit of gain, and Australia and California are accounted for. Swarms of men sought profit in exhuming the yellow metal from untrodden fields. But would they have sought it as they did if the yellow metal had not been money? In any event the monetary policy of the world remained in the hands of its laws.

I may, in conclusion, glance at a truth which has been permitted to assume in the eyes

eyes of thinkers, proportions so exaggerated as to obscure other truths more important. Monetary laws have been passed by great States and yet have shown themselves powerless. Upon the statute books of England, of France, of the United States, are monetary laws which have, for a generation at a time, remained, to a large extent, a dead letter.

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What bearing has this fact upon the position of law in the doctrine of money? To this I answer, that these facts are entirely in accord with the doctrine I have stated. This point is the favourite stumbling-block of the two extremes in this great controversy concerning the nature of money; the orthodox "free-trader" in monetary science, who knows no law but that of "commerce," on one side, and on the other the "fiat money man," who sees nothing in money but a "sign of the will of the Czar."

In matters of money, as elsewhere, the strong rules the weak.

An enactment that conflicts with the habits and interests of the citizen is not as successful as one which enlists these habits and interests on its side. In like manner an enactment of one nation which is in conflict with the remainder of its laws, or which is in opposition to the stronger laws of other nations, will naturally fail to attain its avowed purpose. Its avowed purpose, or the purpose imputed to it, is, in a word, not the test of its power. The question whether this or that enactment will exert a certain influence upon the demand or supply of money is not, as the two extremists would suppose, a question of phraseology, but a question of fact. For example, the laws of legal tender a few years ago made the gold dollar a legal tender at par with greenbacks in New York, and the greenback dollar a legal tender at par with gold in San Francisco. In New York it was the greenback and not the gold dollar, while in California it was the gold dollar and not the greenback which circulated. And yet this fact is not derogatory to the views I have stated.

But in answering the inquiry, What is the wisest coinage policy for the United States, I can, perhaps, even more forcibly illustrate the sincerity of the views here stated. Since the silver question came to the foreground, in 1876, I have endeavoured to point out not merely the unwisdom but the danger of coining any silver at all in the United States; and I did this in the interest of bimetallic union.

Free coinage here, while Europe rejected silver, would mean silver-monometallism in time, and a temporary success for gold-monometallism in Europe; and to create a demand for silver here was, in fact, to delay that process of education by which Europe was prepared to profit, unless we should relieve her for a time of the necessity of study.

A law for restoration of silver on a par with gold in our coinage, while it would be nominally bimetallic legislation, would thus only further the ends of monometallism, while the true policy for the time was to remain monometallic in practice, coining only gold, but to become bimetallic in precept, exerting a vigorous and aggressive influence to convince Europe by argument, as well as by the logic of domestic disaster, that, for her own interest, her wisest course was to join the United States in the formation of a vast bimetallic union, thus restoring to silver the position to which nature, history, and the needs of the whole world entitle it.

(E.)

NOTE on the relative Disadvantages of a Rise or of a Fall of Prices (from "*Silver and Gold*," Cincinnati, 1876, page 71).

Presented by Mr. Dana Horton (page 74).

"Supposing, then, we have to compare the effects upon prosperity of a rise and of a fall in the value of money thus caused, and the extent and suddenness of which are similar, which of the two is preferable, other things of course remaining equal?"

"The judgment of economists is clear, that a fall is preferable to a rise; or, in other words, that redundancy is better than scarcity.

"J. R. McCulloch (*Encyclopædia Britannica*, 1858, Art. *Precious Metals*), in his discussion of the effect of the late great increase in the world's stock of gold, says, in conclusion, 'Though, like a fall of rain after a long course of dry weather, it may be prejudicial to certain classes, it is beneficial to an incomparably greater number, including all who are actively engaged in industrial pursuits, and is, speaking generally, of great public or national advantage.'

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"Roscher (*Grundlagen der National Oeconomie*, sect. 141) points out that the gold discoveries by preventing a dearth of money, which without them would have probably occurred, saved the nations from grievous malady. On the other hand, he explains, in the sense expressed by M'Culloch and Chevalier, how a fall in the value of money may stimulate to a notable increase of national production.

"Michel Chevalier (*La Monnaie*, ed. 1866, p. 759), expresses himself as follows:—

" "In fine the change will profit those who live by present labour; it will injure those who live on the fruits of past labour, be it their own or that of their fathers.

" "In this respect it will act in the same direction with the greater part of those evolutions which are accomplished in virtue of the great law of civilization to which ordinarily we assign the noble name of progress."

" "It remains to add that in society, as it is at present organised, the number is very small of those of whom it can truly be said that they live on the fruits of past labour. Real property, rents, and the interest of investments, depend to such a degree on the present labour of those who pay them that, in an important sense, those who receive them live rather on the present labour of others rather than upon past labour."

(F.)

EXTRACTS from Writings of Professor *J. Thorold Rogers* and Mr. *Robert Giffen* on the Rise in the Value of Gold in England.*

Presented by Mr. *Dana Horton* (page 87).

THE following important papers, written without view to any question of monetary controversy, may be advantageously compared with the statements made by the American Delegates in the Conference of the motives which have guided the monetary policy of the United States. If the conclusions of the first of the following papers are correct, the anti-silver policy lately pursued on the Continent has wrought very appreciable havoc in English investments during the last five years; if the conclusions of the second paper are correct the value of gold has increased in England more than 20 per cent. in this period, and a considerable portion of this rise is due to the Continental movement to adopt the English (gold) standard of money.

The picture suggested by these statements concerning the late experience of England is a very sad one.

The words, "a rise in the value of gold," make a short and simple phrase, but the event they portray is a national calamity; it means an infinite variety, an overwhelming mass of human sorrow.

If it were possible for men with malice aforethought to conceive and of their own power to execute a scheme, which should produce the results set forth in these papers, a new and colossal crime would have been added to the evil possibilities of human nature.

Fortunately this is not the case. The results attained are merely chargeable to legislation forced upon statute books by a well-meaning *doctrinaire* agitation in favour of the gold standard. It is perhaps the first time in the history of the world that science has become politics on so grand a scale, and yet of course the intentions of science were good.

The results thus portrayed, however, the cause thus ascertained, inevitably suggest the query, Whether the prestige of sound learning will not suffer by this defeat of its representatives?

However civilised the age may be, it certainly will not be safe for many centuries to come to obliterate the barriers between learning and ignorance, the chimeras of socialism will sufficiently ravage our century at any rate, and the science of legislation cannot well afford to weaken itself for the struggle with them, and therefore when a blunder of proportions so colossal has been made upon the advice of the accredited representatives of science, it is the vital interest of human progress that the error be repaired without delay. The palladium of civil prudence must be gently, and with consideration, but, if possible, speedily wrested from the hands of its unskilful bearers.

But such a reversal of policy, such a recognition of error, implies in the former champions of gold monometallism a manliness of sacrifice which naturally requires time to perfect itself, but which, if it comes, will be a moral as well as an intellectual victory for science. And this necessary sacrifice must not be too long deferred. Else the popular sneers

* Reprinted from the Document of the Monetary Conference of 1878, pp. 385—401.

sneers against science will be kept in countenance by the demoralizing spectacle of the *doctrinaire* monetary politician, reduced *ad absurdum*, fighting against truth to save his consistency, ready to sacrifice the prosperity of his people to his predilection for a coin, and willing to break down the landmarks of property in pursuit of a metric system which inevitably evades his grasp.

The date of the appearance of the following papers is itself suggestive of the difficulties to be overcome.

In the outset of the discussion of the general policy of European demonetization in 1876, the view was forcibly presented in the United States that *a priori* it was probable that a general rise of the value of gold in Europe was already in progress, and that all known facts concerning prices pointed in the same direction.

This view became, in fact, a controlling ground of conviction of the necessity of bi-metallic union.

The objection to contracting the money of the world has had more effect in strengthening the policy of the United States than the parallel motive given by the necessity of the steady par of exchange between silver and gold countries, the loss of which has borne more disastrously upon other countries than upon the United States.

On the other side of the Atlantic, however, this inherent probability of a rise in the value of gold has been to a great degree ignored, and indeed an effort has been made in tone-giving circles* to counteract the presumption that contraction of metallic circulation (by reduction of coin to bullion, checking coinage of bullion, and making existing silver coin inexportable) would naturally produce contraction of prices and a crisis.

The argument made use of consisted in this fact, that prices had been rising since, and by reason of the gold discoveries and their flood of metal, as well as that in late centuries prices had been rising as a rule, and it was assumed that this process was still going on, that the supply and demand were the same after 1872 that they had been before.

It was therefore not difficult to dispose of this argument effectually by pointing to the probability that in these times of completed means of intercommunication an inundation from the mines, in its influence on prices, spent itself speedily; and that what little rise of gold prices was noted after 1861 was attributable, not to a redundant production of the mines, but to the displacement of specie by paper in the United States and in Italy (1861-66).

The original presumption, therefore, the plain proposition, which was one of the foundations upon which the policy of the United States was based, remained in force. Nevertheless, it failed to receive corresponding recognition at the hands of European Governments.

The argument with which the gold standard agitation set out, viz., that gold was steady in value, has now suffered decapitation, that is, if the facts set forth by Mr. Giffen are correct, and the close application of ideas drawn from the metric system to a "measure" which contracts itself more than 20 per cent. before one's eyes, is showing itself to the public in all its native simplicity.

After all these years, therefore, the scientific bi-metallist is at length, in legal parlance, in position to file his bill of interpleader, and ask that the two wings of the army of the gold standard be compelled to make good against each other their opposing claims to the possession of monetary truth, while the bi-metallist assumes the part of a spectator.

It is now in order that the Teutonic or Latin persecutor of silver, the continental monetary reformer, who, in the effort to substitute gold for silver, has brought the world of production and of exchange to its present condition, shall ascertain from the Anglo-Saxon's insular but thorough experiment, whether, in these late years, the yellow metal, gold, which the Anglo-Saxon possesses in fuller measure than his Continental brother, has actually maintained itself as a rightful member of the metric system, steady in value, unshakable in its purchasing power.

The litigation of this subject will probably assist in bringing into clear light the services rendered by the exclusion of silver from coinage and legal tender, not only to mankind but to England.

EXTRACT from an Article by Professor J. Thorold Rogers (of the University of Oxford) upon the "CAUSES OF COMMERCIAL DEPRESSION," in the "Princeton Review" for January 1879.

But despite these advantages, there is no doubt that prices, profits, and wages are falling in very many industries which have hitherto been prosperous. We will attempt to enumerate the principal causes which have effected this result. Some of them are local, some are shared with other countries.

The first cause in importance, the most general, and in all probability the most enduring, is the rapid rise in the economical value of gold. The fact has been commented on with considerable but unequal force by M. Laveleye in a recent number of the "Revue des Deux Mondes," where he alleges, and on good grounds, that the annual produce of this metal is not more than sufficient to cover the annual wear and tear of the currencies. But while the area of civilization is widening, and therefore the demand for an adequate currency is being extended, the most populous state of Europe has abandoned a silver for a gold

* See Erwin Nasse, "Der Bimetallismus und die Währungsfrage in den Vereinigten Staaten, 1878;" Prof. W. S. Jevons' "Paper on the Silver Question, before the American Social Science Association," 1877, cited also in Horton, "Monetary Situation," 1878.

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gold currency, and has had, as a fruit of its successful war with France, an exceptional power of attracting gold to itself, with singular success indeed, but to the incredible misfortune of its people. Germany has effected a monetary revolution on the grandest scale, and has beggared its own industries, for the rise of prices in Germany during the four years after the French war was over was unparalleled. Now it is perfectly true than when a gradual scarcity in the amount of the metallic currency circulating in any one country occurs, it is to a certain extent possible to resist a general fall in prices by using substitutes for the precious metals, especially if the country in which the scarcity occurs is willing to adopt such substitutes with confidence and familiarity. But unless we are to assert that the values of gold and silver do not depend on the demand which exists for them, and the means for supplying that demand, it must follow that a large demand brought to bear on a limited supply will affect the values of these precious metals, and through them lower prices. Nor do European countries find themselves generally able to circulate the equivalents of a metallic currency to the extent which, for example, England does. The treasure held by the Bank of France is enormous, being nearly equal to its note circulation. It is understood that Germany has a considerable hoard of gold coin and bullion, which, for all practical purposes, is withdrawn from circulation. But to the general fact that those two countries require a far larger amount of money for purposes of trade than England does, France is supposed to need three times as much, must be added that the political relations of the two countries are so far unsatisfactory as to suggest a further strengthening of their monetary position. Nations do not keep more gold and silver than they need, but they measure their own needs, and sometimes their fears measure their needs for them.

Taking into account the growing intercourse of civilised nations, and particularly the sensitiveness which they feel at any event which may check the activity or derange the machinery of trade and production, it appears that at no time has the drain on the existing stock of gold been so sharp and so rapid as at present. Nor does the proof of the fact depend solely on the phenomenon of lowered prices, or in the fact that the demand for gold has been exceptionally great. It is proved by the decline in the value of silver as compared with gold. The writer has been informed by those who are best competent to give an opinion that no traceable rise in prices has occurred in those countries which use a silver standard only, and that this is particularly the case in India, where the loss which the government incurs arises from the necessity of meeting liabilities due to England in a currency which has increased in costliness by all the difference between the old and the present value of silver as measured by gold. But it will be plain that when the dearth of gold is manifested by a fall in prices there must be a loss of profits, not only on stocks which have accumulated under the agency of higher prices, but on those parts of a producer's capital which were called into permanent existence while these higher prices ruled, on buildings, plant and machinery. It may be added too, that low rates of profit do not depress wages with corresponding energy, just as high rates of profit do not raise wages correspondingly. In other words, and the fact may be proved by the evidence of prices taken at different periods in the last six centuries of English economical history, labour has always been far better off when prices were falling, owing to the increased value of the precious metals, than at epochs when, owing to their abundance, or to other equally energetic causes, prices were rising. But it is a common-place in political economy that, except in the case where the employer can recover himself at the expense of rent, dear labour is always accompanied by a reduction of profits.

EXTRACT from a Paper on the FALL of PRICES of COMMODITIES in recent Years, by
Robert Giffen, Esq., in the Journal of the London Statistical Society, for March 1879.

[Read before the Statistical Society, 21st January 1879.]

There is a general agreement that during the last few years there has been a heavy fall in prices. The fall in cotton and iron, and the various manufactures of cotton and iron, is notorious, and for the rest the losses in trade, in almost every description of business, have been such as to leave no doubt of a fall in price. It is usually a fall in price which cripples the weaker borrowers, and causes bad debts, and this makes a beginning of losses by which stronger borrowers are in turn crippled, further falls in prices ensue, and more bad debts and losses are produced. When we see so many failures as are now declared, therefore, we may be quite sure that they are preceded and accompanied by a heavy fall in prices. But the question for statisticians in such a matter is not the fact of a general fall, but whether it can be measured and compared with other facts of a similar kind, and whether there is anything to show the fall to be of a more or less permanent character, and not merely a temporary fluctuation which will be corrected by an immediate rebound; in other words, whether the average of two or three years, including the present, will or will not exhibit a decline when a comparison is made with a date two or three years back. Looking at the matter in this more definite way, I have come to the conclusion that not only is there a decline of prices at the present time from the high level established a few years ago, but that this decline is more serious than the downward fluctuation of prices usually exhibited in dull times, and that it may be partly of a permanent character unless some great change in the conditions of business should occur at an early date. I think this can be shown without difficulty with the help of some well-known figures which have been published lately, and which I propose to analyse and sum up, after which I shall proceed to discuss the causes of this apparently serious decline in prices, and some of the probable consequences.

I.—*Extent of the Fall.*

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[Six pages omitted.]

The general effect of all these figures may now be summed up. First, it has been shown by a general table of prices at the beginning of each year, from 1873 to 1879 inclusive, that there has been a general and remarkable fall in the prices of wholesale commodities in the period, this fall having also been, to a large extent, continuous, and amounting in the end, with three exceptions only, to between 26 and 66 per cent. Second, it would appear from a comparison of prices by means of the index number in the "Commercial History and Review," that the average fall between 1873 and 1879 is 24 per cent., and that the level of price now established is lower than anything recorded since 1850 in the tables referred to, these tables comprising the years 1857 and 1858, and each year since 1865 inclusive; further, that although the fall between 1865 and 1871 appears greater by this index number than between 1873 and the present time, yet there is a special explanation of this, and there is reason to believe the present fall to be unusually great. Third, it has been shown by certain tables of Mr. Ellis's that as regards food and raw materials, prices at the beginning of 1878 were lower than in 1869, one of the years of depression following 1865, while prices are now considerably lower than at the beginning of 1878. Fourth, it has been shown as regards the prices of exports, that the average in 1877 was considerably lower than in 1868, while the fall to the present level was from a lower height in 1873 than the previous fall in 1868-70 from the height of 1865. Allowing for the further fall of prices in 1878, we are confirmed in the belief that prices are now unusually low, and that the facts shown by the first index number cited rather understate than overstate the change. In other words, it is ascertained by the concurrent testimony of all the facts examined, that prices of commodities are unusually low, though one of the sets of the figures would seem to throw doubt on the idea that the fall from the height of an inflated period to the present depth is unusually great. The preponderance of evidence seems, however, to be that there is an unusual fall, although it began from a lower level than what had been established in the previous inflated period. I have not attempted, however, to measure exactly what the extra depreciation is, though I should be inclined to put it at between 10 and 20 per cent. below the prices of 1868-71. In these matters great exactness is impossible; without waiting to aim at great exactness, I have thought it would be useful to bring the rough facts together, pending the more elaborate efforts which I trust some of our members, perhaps Mr. Jevons, may be induced to attempt.

II.—*Causes of the Fall.*

* * * * *

[Six pages are here omitted.]

[In these the author treats, first, causes general in their nature, of speculations, and frauds, &c., &c.; secondly, of the bad harvests in England in 1875, 1876, and 1877.]

A third cause which must be mentioned is the extraordinary demand for gold for the new coinage of Germany, and for the United States on its resumption of specie payments during the last few years. It is a little difficult to consider this point except in connection with the question of the supply of gold, and any variation in that supply which may have occurred, but what I desire to bring out is that apart from a permanent diminution of the supply, whether absolutely or in relation to the growing wants of the world, which would necessarily have a permanent effect on prices, extraordinary demands like those referred to would tend to produce a momentarily extreme fall. The reason is that a sudden pressure on the stock of the precious metals at a given period tends to disturb the money markets of the countries using them; makes money dear, or creates a steady apprehension that it may at any moment become dear; and so by weakening the speculation in commodities and making it really difficult for merchants and traders to hold the stocks they would otherwise hold, contracts business and assists a fall in prices. It is conceivable that after such a pressure the current supply of the metals may again be found sufficient to meet the current demands with prices raised to their former level; but while the pressure lasts prices are low.

Now the extraordinary demands of the last few years—I think I may say eight years, the German lock-up having commenced in 1871—have certainly been of a kind to produce some momentary effect, even on the assumption that the supply of gold, when the pressure is removed, remains sufficient for the wants of the world with prices at their former level. Altogether during the last six years Germany has coined 84 millions of gold, very little of this being re-coinage. The accumulation of gold in the United States, again, principally during the last two years, amounts to about 30 millions sterling, the

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stock of gold in the country above what it had for several years previous having been increased by that amount. These two sums amount to 114 millions, and if we allow for other extraordinary demands, such as that for Holland, which has been substituting a gold for a silver money, and at the same time make deductions for what Germany may have re-coined, we may say in round numbers that the extraordinary demands for gold during the last eight years have amounted to 120 millions, or 15 millions a-year. As the annual production of gold eight years ago was estimated at from 20 to 22 millions only, and has since rather fallen off, as we shall presently see, it is quite plain that these extraordinary demands can have left very little for the ordinary wants—the wear and tear of coinage, losses, use in fine arts, and new coinage to correspond with the wants of populations increasing in numbers and wealth. My own calculation in 1872, in a series of articles which I then wrote, was that for many years previous the average requirements of the gold-using countries, excluding both Germany and the United States, which were not then in the list, had been 12 millions annually. But if you deduct 15 millions from 20 or 22 millions, you have much less than 12 millions left, and consequently the former state of things as regards prices could not have been maintained during these eight years. Now that the extraordinary demands are over, prices may recover, but the extraordinary demands must have contributed to the present adverse fluctuation.

These three causes, then—the extreme and prolonged discredit, the bad harvests, and the extraordinary demands for gold—appear to me to have concurred in bringing prices of commodities to the lowest level which has been reached at any period for many years. That they would be sufficient to account for much of the effect which has been produced can hardly be disputed, and that they have existed is beyond all doubt.

The question is infallibly suggested, however, whether in addition there is not a subtler cause at work—an actual insufficiency of the current supply of gold for the current demands of gold-using countries. This is quite a separate question from the effect of the extraordinary demands which have been described, and it seems to me most important that we should keep it separate. It is a subject infinitely more complex and difficult to treat, and one on which even the most skilled, I believe, would venture to give an opinion with far more diffidence than on the effect of the extraordinary demands themselves.

My own opinion is that some such cause may have been at work, though whether its effects would have been at all marked as yet, in the absence of the extraordinary demands, may be doubted. The main presumptions to this effect are—first, the undoubted falling off of the gold supplies during the last 20 years. I have reprinted in the Appendix (Table IV.) that portion of the table put in by Sir Hector Hay in his examination before the Silver Committee which relates to the production of gold, as containing, I believe, the most generally accepted estimate of what the gold production has been. The following is a summary of that table in quinquennial periods, with the annual average for each period.

ESTIMATED PRODUCTION OF GOLD in the Years 1852, 1873, in Quinquennial Periods, with the several Averages for each Period.

Period.	Total Production.	Annual Average.
	£.	£.
1852-1856 - - - -	149,665,000	29,933,000
1857-1861 - - - -	123,165,000	24,633,000
1862-1866 - - - -	113,800,000	22,760,000
1867-1871 - - - -	108,765,000	21,753,000
1871-1875 (4 years) - -	76,800,000	19,200,000

The dwindling of the supply in this table is very marked, and naturally suggests that the effect on prices of the great gold discoveries may not have been continued much beyond 1861, while lately the difference is so great that, even apart from extraordinary demands for gold, that effect may have been reversed. The difference of an annual yield of from 25 to 30 millions between 1852 and 1861, and an annual yield of less than 20 millions at the present time, is palpable. Of course the question is not settled by this consideration. One of the effects of the great gold discoveries was to create new markets for gold itself. Under its bimetallic régime France replaced an enormous stock of silver by gold, and becoming a gold-using country, absorbed the new supplies to an enormous extent. India again absorbed an immense sum, especially during the years of the cotton famine, when her credit abroad was so suddenly and so enormously augmented. Until 1866 it may be said the market for gold was so affected by extraordinary demands that there was hardly time for prices to settle down into a normal state, and the full effect of the new supplies on gold-using countries alone was never fully tested. But it is at least obvious

obvious that the diminished supply could not now meet the extraordinary demands which were met by the supply of the earlier years, even if the ordinary demands have continued the same.

I should add that not only do the figures show an actual falling off of supply, but there is a probability of the supply being obtained at a greatly increased cost of production. The nineteen millions now produced are obtained with more effort than the thirty millions 20 years ago. This means that if prices were to tend upwards, a check might be put upon the movement by a still farther falling off of the gold supply. It might not pay to work mines which are now profitable if prices all round, necessarily including wages as well as commodities, were to rise.

We come, then, to the question whether ordinary demands have continued the same, to which the answer must, of course, be that coincident with the gradually declining supply of gold there must have been an enormous increase of current demands. The increase of population in the gold-using countries alone must have been nearly 50 per cent. In the United Kingdom alone, the annual rate of increase has been for long nearly one per cent. per annum, 0·83 per cent. between 1861 and 1871, which gives 28 per cent. in 30 years, while in the Australian colonies the rate of increase is, of course, much greater. Suppose the world's annual supply of gold before 1848, say six millions sterling, was quite sufficient to maintain equilibrium then, which I doubt, the natural increment of population, assuming it to be no more wealthy and to use no more coin per head than the population before 1848, would make the present usual requirement from the gold-using communities in existence before 1848, or their descendants, about nine millions. But the wealth per head has increased enormously. In the paper I read last year on recent accumulations of capital in the United Kingdom, the rate of increase in the 10 years ending 1875 was estimated at 27 per cent., and this rate of increase being deduced from the actual rate of increase in the assessments to the income tax, is not subject to the doubts which may be entertained respecting the totals of the accumulations themselves. Whatever the figures may be at the beginning and end of the period, such has been the rate of increase. Not only then must the requirements of gold-using people be increased by 50 per cent., to allow for the natural increment of population, but another 50 per cent. must be added for the greater wealth per head. This would further raise the usual requirements according to the previous 1848 standard from the above sum of nine millions, which allows for the increase of population only to 13½ millions. The same conclusion is reinforced by a consideration of the quantities of goods dealt with in our principal industries. The production of coal in 1846, as you will see by reference to Mr. Mundella's paper last year, was estimated in 1846 at 36,000,000 tons; in 1876 it was 133,000,000 tons, or about three times as much. Between 1854 and 1876, or little more than 20 years, the production was rather more than doubled. The production of pig-iron, again, has increased between 1840 and 1876 from 1,396,000 to 6,556,000 tons, or about five times in less than 40 years. The entries and clearances of ships in the foreign trade again have increased from 13,307,000 in 1848 to 51,531,000 tons in 1877, or nearly quadrupled. The imports of raw cotton again have increased from six million cwts. in 1848 to more than 12 million cwts. in 1877, or 100 per cent.; and although this seems less striking than some of the previous figures, it is to be noticed on the other side that the exports of cotton-piece goods have risen from 1,096,751,000 yards in 1848 to 3,838 million yards in 1877, or nearly four times. But it would be needless to multiply instances. The peculiarity of the period has been the increase of mechanical invention and the constant augmentation of goods, so that the accumulation of capital above shown is even in less proportion than the increase of the movement in trade which the money in use has to move. It is a moderate calculation that if only the countries which used gold in 1848, including their colonies, were now using it, the requirements to correspond with the increased population and wealth would be at least three times what they were, assuming prices to remain in equilibrium.

Nor is this all. The extension of the area of gold-using countries since 1848, first, by the practical inclusion of France, and next, by the more recent inclusion of Germany and the United States, has no doubt added to the usual demands to an extent it is unnecessary to determine exactly, but at least by several millions. Thus while during the last 30 years the annual yield of gold has been falling away from its first superabundance, the current demands for the metal have certainly been growing with marvellous rapidity. If there was much need 20 years ago of new channels for the new gold supplies to prevent an enormous rise in prices, it is at least possible that more recently the increasing current demands have been sufficient to use up the diminishing annual supply. So far as we can judge, the point of junction of the two curves must have been at some date within the last 10 years, though in such matters precision is of course impossible. In this view the fall of prices in the last 10 years has been aggravated by a subtler cause than the extraordinary demands for gold which have existed. These demands have come upon a market which apparently had no surplus to spare. They have consequently been supplied very largely by a continued pressure upon existing stocks, till an adjustment has at length been made by a contraction of trade and a fall in values.

It may be said, perhaps, that the usual requirements of gold-using countries have been changed from what they were by the extension of the cheque and Clearing-house system, by the diminished use of gold in the arts, and by similar means. Perhaps there is some diminished use of gold in the arts, but, of course, the only really important question in this matter is the use of gold in coinage, and I should doubt if any great economy in the

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use of gold has been established in the last 30 years. Excluding Germany and the United States, which have just been added to the number, the principal gold-using countries besides the United Kingdom and its colonies are France, Portugal, Egypt, and the South American countries, but it would be difficult to show, I think, the check system or any other system of economising money has been greatly extended in those countries in the period. In the United Kingdom again all the recognised expedients for economising money, especially the cheque and Clearing-house system, seem to have been fully operative 30 years ago as they are now. The United Kingdom was very fully "banked" before 1850, the growth of banks and banking business having since been no more than in proportion to the increasing wealth of the community. The circumstances are such, however, that a considerable allowance may be made for the introduction of economising expedients, without altering the fact that the current gold requirements of the world have increased enormously since 1848, while the annual supplies which threatened an incalculable rise of prices have been dwindling away.

Let me add, that whatever doubt may be entertained as to the actual meeting of the two curves of demand and supply of gold during the last few years, apart from extraordinary demands, all the facts and circumstances seem to indicate that the meeting point must come very soon unless the supply of gold is increased, or economising expedients introduced and extended. At the recent rate of progress the current demands may be expected to increase at least 20 per cent. every 10 years, so that if 20 millions annually are now just sufficient for all purposes, not less than 24 millions will be required 10 years hence. In another 10 years the annual requirement will be more nearly 30 millions. If we start from a lower total now, say from 16 millions, all the same the figure of 20 millions will soon be exceeded. And this without leaving any margin for extraordinary demands, which experience seems to show are never wanting, so that, as in a budget, allowance should be made for the unforeseen as in some sense more certain than all that is exactly forecast. If the scarcity of gold has as yet contributed very little to our money troubles or the fall in prices, it must at least be about to have that effect if no great change comes. Whether such a change is likely to come in the shape of an increased gold supply it will be for geologists and mineralogists to judge, but it is not reassuring to see how little comes practically of the recent gold discoveries in India and the rediscovery in Midian. Whether on the other hand change may come in the shape of economising expedients will be a point of no little interest for bankers and all other business men, and for legislators. Considering the slowness with which such expedients become effective when they are first introduced, and the perfection to which they have been brought in countries like England where they are introduced, I feel great doubts whether much relief can come in this way. On the whole, I see no other outlet from the situation than in the gradual adjustment of prices to the relatively smaller and smaller supply of gold, which must result from the increasing numbers and wealth of the populations of gold-using countries.

III.—*What the fall Explains, and its Consequences.*

The fact of a fall of prices such as has been described explains a good many things, while the consequences of it, or, to speak more correctly perhaps, of the more permanent of the causes which have contributed to it, must be far-reaching. There are one or two topics of importance in this connection on which I have a few brief remarks to offer.

First, we have a sufficient explanation in the fall of prices of much of the falling off of trade, especially our foreign trade; which is the occasion of so much alarmist writing. There is a constant assertion by some writers of two alleged facts, one, that our foreign trade is diminishing, the other, that foreign countries are gaining as we lose, from which the inference is that the decline of our trade is to be accounted for by the successful competition of foreigners. Indeed, it is sometimes said that the foreigner is taking the bread out of the mouths of our manufacturers and the men whom they employ. I have never seen this view supported by any careful examination of what the growth of the trade of foreign countries really is, or by a consideration of what goes on in our trade generally, and not merely in particular trades which may be affected here and there by the pressure of foreign competitors; but the question of the fall of prices appears to open up a new view. What if there is no falling off, or no material falling off of our trade at all, so that all this writing about our decaying trade, and the gain of foreigners at our expense, is only so much writing in the air? It is clear that an average fall of 20 or 30 per cent. in prices must make all the difference in the world. We are not left to conjecture in the matter. The exports of British and Irish produce show a falling off in total value between 1873 and 1877 of about 22 per cent.

								£.
The exports in 1873 were	-	+	-	-	-	-	-	255,165,000
„ in 1877 „	-	-	-	-	-	-	-	198,893,000
Reduction	-	-	-	-	-	-	-	£. 56,272,000

which is almost exactly in the proportion stated. But we have already seen that while the index number of 73·1 falls to be increased in 1873, when a comparison is made with 1861, by the sum of 20·60, the index number falls to be decreased in 1877 by 2·04, so that there

there has been an average fall of price between 1873 and 1877 of more than 20 per cent.* There is nothing in the figures then to imply that the quantities of the articles exported in 1877 were less than in 1873. To throw farther light on the point, I extract from the report to the Board of Trade already referred to, a table in which the prices of the articles of export enumerated in the statistical abstract, according to their declared values in 1873, have been applied to the quantities exported in 1877. The result is, that while the aggregate declared value of the enumerated articles in 1877 was 147,801,000 £, their aggregate value at the prices of 1873 would have been 191,530,000 £, which is within a million of the aggregate value of the exports of the same articles in 1873. There are variations in the quantities of the articles, some increasing, and others diminishing between 1873 and 1877, but the upshot is that if the prices of 1873 had been maintained all round in 1877, the returns, as far as the enumerated articles are concerned, and presumably as regards the remaining articles of trade where the entries are mostly by value only, would have exhibited no decline at all.

It cannot be maintained, of course, that a fall of values only is immaterial. Profits depend on price, and this is an especially important consideration in the foreign export trade as regards articles exclusively or mainly of British origin, and where a large part of the value is not constituted by the cost of the raw material previously imported. Our trade may consequently be less profitable, though the quantity we turn out has not diminished. But other countries must suffer by the fall in price exactly as we do ourselves, and the question here is not of the profitability of the trade at a given time, but of its extent; and as to this the impression that our foreign trade has diminished to any material extent during the last few years may be pronounced to be absolutely without foundation. Regarding profit, moreover, I may be allowed to say in passing, a good deal might be urged in favour of a time like this being really the most profitable in the end, notwithstanding all the complaints of depression. Much of the prosperity of years like 1873 is in reality hollow, and much of the dulness of dull times is due to the fact that people are forced to acknowledge themselves not so rich as they thought. But this is perhaps taking us away from the matter in hand, which is that of the volume of our trade only.

To be quite fair, it must be acknowledged that holding our own in such matters is not all that is necessary. If business is to be in a real equilibrium, there should be a steady increase in it *pari passu* with the increase of population. There has been some real check then to the growth of our foreign trade during the last five or six years. But, on the other hand, we must remember that previous to 1873 there was a marvellously rapid growth, much above the annual average. All things considered, it is yet too soon to complain of the check of the last five years as indicating the beginning of a permanent retrogression.

The second point I shall advert to is the possible connection between the appreciation of gold and the depreciation of silver. It is an obvious enough suggestion that as silver in the markets of gold-using countries is only a commodity, it will probably sympathise with any general movement in the prices of commodities. Indeed, it has been urged by the Calcutta Government that it is not silver which has changed, but gold. Silver prices they say have not perceptibly risen in the Indian markets, although gold has risen. Without going into detail on this subject, which would take up a whole paper by itself, and which we may safely leave to Mr. Bourne when he comes to read his paper on the silver question, I may be allowed to remark that very likely gold and silver have both changed. One or two of the causes we have described as likely to produce a general fall in prices; the prolonged discredit and the bad harvests, have been as applicable to silver-using as to gold-using countries, and have surely been applicable to India and China with their tremendous famines and much rottenness in their foreign trade. It was therefore possible that silver prices should have fallen like gold prices, and the relation between the two metals have been left unchanged; if silver prices have been stationary, or have not fallen so much as gold prices, then as we cannot be sure how much the scarcity of gold has aggravated the fall of prices here, it is difficult to argue from the fall of silver in relation to gold that the difference between them arises from an appreciation of gold only. There may have been depreciation of silver as well, even if of a temporary kind only; the events of the last few years relating to silver, especially the sudden sales of the stocks of German silver, and the stoppage of silver coinage by the Latin Union, being calculated to have that effect. The wonder perhaps rather is that silver has not depreciated still more. Possibly the stock in use in the silver countries is so large that great additions can be easily absorbed; but the change has yet to be tested, we must remember, by a period of good business, and naturally rising prices in the silver-using countries. So far as it goes, however, the depreciation of silver in relation to gold, whatever changes may have occurred in silver itself in relation to other commodities, is not inconsistent with the supposed change in gold in relation to such commodities.

A third point to notice is the connection between a great fall in the prices of commodities and a fall in wages. The two things are inseparably connected. First, in certain trades, and this connection has been especially shown of late years in the iron trade; the gross price of the articles produced is so much diminished that if the cost of labour is unaltered the labourer will be receiving an enormously increased share of what is produced. Say an article formerly selling for 20 £, the cost for labour being one-fourth, or 5 £, falls in price to 10 £, then the 5 £ given to the labourer would be 50 per cent. of the selling

* And exclusive, of course, of the additional fall in 1878.

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selling price. It is incredible that so great a change could occur without the labourer being affected, and there have been even greater changes in the iron and coal trades. But, second, in almost all trades, especially those in which the cost of labour constitutes a large part of the cost of production, there is necessarily some connection, in the long run, between the money rate of wages and the prices of the usual articles of the labourer's consumption, according to his standard of living. It would take us out of our way to enter into a controversy here about the wages-fund, but it is quite plain that the real wages paid by the capitalist to the labourer consist mostly of commodities; if money wages remain the same while commodities fall in price, there is an increase of real wages. In some way or other, then, an adjustment of money wages to reduced prices becomes inevitable. In miscellaneous industries this may be effected by the constant action of individual interests when changes of employment occur; by the steady substitution of superior for inferior workmen; by the transfers of business enabling wages of clerks and others to be revised; and by similar means. In more conspicuous trades, where large groups of men are employed, there are notices of reduction on a large scale as well as these minor instruments of effecting a reduction. But nominal reduction must come somehow, unless there is to be a real rise in wages. The visible opportunity of employers is of course the scarcity of employment, and the disorganisation of industry which attend a great fall of prices; but employers would obviously be unable to continue paying for any length of time really increased wages. There is no Fortunatus's purse which would not quickly be exhausted in such an attempt.

There is another subject of, perhaps, greater complexity which seems to be suggested. If a general downward movement of prices, due to a comparative scarcity of gold, has begun, are we not on the eve of a reversal of the changes which commenced with the Australian and Californian discoveries—changes so admirably described in Mr. Jevons's well-known book. These changes were substantially a gradual lightening of debts for the benefit of the debtor class, and to the immediate loss of annuitants and capitalists however much the latter might be compensated in the end by an increase in the nominal income of their land, houses, and other securities. Now we may witness a gradual increase of the burden of debts to the loss of debtors, and for the immediate advantage of creditors, although, in the end, the latter may lose by the relatively diminished nominal income of their securities, following the adjustment of all prices to the new circumstances. There can be no doubt that some such general effect as this must follow, if it should, in fact, turn out that a serious appreciation of gold has set in, and the circumstances of its production and the use of economising expedients do not change. In the end the effect in contracting trade is looked forward to with some apprehension by many of our best authorities.

I do not propose to dispute this conclusion here. It would land us in an almost endless controversy if we were to discuss whether a constant influx of new money, leading to a prolonged rise in prices, does more good or harm in the long run, than a constant failure of new supplies to meet current demands, leading to a prolonged fall in prices. A great deal, I imagine, could be said on both sides; the rebound from excessive inflation more than compensating perhaps all its alleged benefits, and the additional fall in prices, due to a gradual scarcity of gold being as nothing when compared with the falls which take place from time to time owing to the simple failure of credit. But while avoiding this discussion, I may at least point out that the most serious effects of this incipient gold scarcity will probably be gradual, just as the effect of the discoveries in causing a rise of prices has been much more gradual and confined within narrower limits than economists were in the habit of anticipating. Particularly at the present moment the depression may have gone so far that the accumulating stocks of the precious metals will be sufficient for a good while to support a considerable expansion of trade—that it will only be later on, as prices tend to get back to the former level, that the real pressure of the scarcity will be felt. A year or two's ease in the money market following the events of last year will however be no proof at all that the causes above described have not been operative and will not again be operative.

IV.—*Concluding Observations.*

In bringing this long paper to a close, I have only one or two practical observations to offer. The "moral" of much that has been said is clearly this: that, if possible, the scarcity of gold which has contributed to the present fall of prices, and may have further serious effects in future, should, if possible, be mitigated, and should at any rate not be aggravated, by legislative action. I have expressed great scepticism as to whether, in fact, seeing how slow men's habits are to change, any mitigation is probable in the shape of expedients for economising money. But it must be recognised that if bodies of men were amenable to reason in currency questions, and there was really a widely felt belief of serious mischief impending from a gold scarcity, some economising expedients could be tried. To give only one illustration: I suppose few things are more unlikely than that 1 £ notes, or notes for less than 5 £, will again be re-introduced in England, but the introduction of such notes alone, with all suitable arrangements for their convertibility, would certainly go far to neutralise even such another extraordinary demand as that for the German coinage. The German demand for gold would itself have been much smaller than it was, but for the banking reform which accompanied the coinage, and part of which reform was the abolition of notes of small denominations. The United States pressure
for

for gold during the last few months would also have been far more serious than it has been, if the Government of that country had complicated its resumption arrangements by the abandonment of all greenbacks of from 5 to 25 dollars, and the prohibition of bank notes for such amounts. There seems a possibility of regaining something then by reintroducing 1 l. notes if the present gold scarcity should continue. I hope I shall not be understood as advocating such a change, or as being insensible to the weight of many practical objections which could be urged against it if it were immediately proposed. I am only mentioning it as a possible expedient for economising money, and there are no doubt others. As regards small notes, however, it would seem that at least any change by countries which still retain them in the direction of their further abolition, leading to a greater demand for the precious metal, ought to be deprecated. Still more we ought to deprecate any change in silver-using countries in the direction of substituting gold for any part of the silver in use. It would be nothing short of calamitous to business if another demand for gold like the recent demands for Germany and the United States were now to spring up. Even a much less demand would prove rather a serious affair before a very long time elapsed.

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(G.)

MEMORANDUM by Mr. *Probyn*, of London.

Presented by Lord *Reay* (page 77).

East India United Service Club,
St. James-square, London, 12 May 1881.

THE principal function of silver as money should be its employment for subsidiary currency; its value should be maintained by this function being encouraged rather than by the extension of its use on the same footing as gold. To use Lord Liverpool's words, "Where the function of the gold coins as a measure of property ceases there that of the silver coins should begin;" or to describe more exactly the remedy I should apply, "Where the function of the silver coins as a measure of property ceases there only should that of the gold coin begin."

This division of their functions can only be secured by not striking gold coins of any smaller denomination than the limit fixed as that where the function of the gold coins should begin. If it be determined that the function of gold should begin at 1 l., nothing smaller than 1 l. should be coined in gold.

For some reasons it is convenient that the function of gold should begin at a lower amount; say, as it does at present in England, at the half sovereign. But if there be a necessity for the increased employment of silver this should be secured, even though it may cause some slight inconvenience, rather by increasing the area of its legitimate and clearly-defined function, than by its indiscriminate use as a standard of value under the same conditions as gold.

Under this proposition silver remains a token currency, and as over-issue (and consequent depreciation) must be guarded against, the effect would not be very important unless a high limit were placed as that below which gold should not be used.

It should be remembered, however, that the effect of the increased use of silver in this manner will be twofold:

First. The gold, so far as it would otherwise be used for small payments alone, would be saved.

Secondly. There would be a corresponding increased employment for silver.

The recent statement of the German delegate shows that nearly 24,000,000 l. of gold has been absorbed in 5 and 10-mark pieces. If the German Government had determined not to coin any gold coin smaller than the 20-mark pieces, a considerable part of this large sum of gold might have been saved, and there would have been also an increased use for silver. So in France; if the 10 and 5-francs gold pieces now circulating in that country for small payments were in the form of 20-francs pieces, their place would have been taken by some of the silver 5-francs pieces now uselessly cumbering the bank vaults, and the gold reserve would have been strengthened in a corresponding degree; while if the gold 10 and 5-francs pieces now in its balance were in the shape of full weight 20-francs pieces the position of the Bank of France would have been still further improved. And so too with England. We probably have 18,000,000 l. of half sovereigns in circulation. Some considerable portion of this is employed exclusively for small every day transactions, for which sovereigns are too large to be used. To this extent then gold would be saved by the limit of the gold coin being raised from 10s. to 1 l., and there would be to the same extent increased employment for silver. Some portion no doubt constitutes part of our gold reserve, and is the basis of

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our large payments, and of our note circulation; and though in respect to this portion there would be no direct saving by raising the limit, such reserve would be more conveniently held in the shape of full weight sovereigns or in larger gold coins, than in half sovereigns, which are more troublesome to count, and are specially liable to loss by abrasion. Similar remarks might doubtless be applied to the small gold currency of other European countries, and of America.

The inconvenience caused by thus raising the limit for the function of silver would be confined to the upper classes. The lower classes have few transactions in which small gold coins find a place, and comparatively many for the settlement of which such coins would be useless; they are also more likely to lose small gold than large silver coins. Habit too has a good deal to do with it. And inconvenient no doubt as the abolition of the half sovereign for instance would be to some of us, it would probably not take long to accustom us to the change.

Further too these might be, what I will call, *token-notes*, partially supported by a silver token coin reserve, for the higher subsidiary payments.

Let us examine the effect of displacing the small gold in circulation in a country by such token-notes.

Such displaced gold would be made up of three amounts:—

I. The amount which constituted part of the reserve and of the basis of large and international transactions, and for the treatment of which as full standard money provision would have to be made.

II. The amount required, and used in its present form for small transactions.

III. The amount ordinarily used for small transactions, but which would require to be changed at certain seasons into still smaller values.

The only improvement to the position of silver which the displacement of I would cause would be the saving of gold wear and tear owing to the circulation of paper instead of gold, and owing to the less abrasion in large than in small coins.

The displacement of II. would altogether save this amount of gold.

The displacement of III. would altogether save this amount of gold, and at the same time give employment to a corresponding amount of silver.

Allusion has been made to the danger of an over-issue of a token currency. There might be still greater danger of the over-issue of a token currency of which part consisted of paper. But there is a simple way of guarding against it. It is by providing for freedom of exchange of the token, into currency of full legal tender, presented at the proper place in sufficient quantities. Such an arrangement is in force in regard to the token currency of India. A token has been well called a "mint promise to pay." If these "mint promises to pay" are presented in sufficient quantities they would be redeemed. There can then be no fear of an excess issue. But at the same time a certain amount of such token will always remain in circulation; an amount which will depend on the limit below which full legal tender money is not available. And if there be a considerable difference between the highest and lowest token issued, there will be at certain times an expansion of the higher, and a contraction of the lower token currency, and *vice versa*, to meet which it will be necessary to hold in reserve that description of token currency which it is possible may be required.

I have alluded to the considerable loss which small gold coins suffer by abrasion. The frequent references to this subject in the correspondence columns of the "Times" allow its importance at any rate in England. The condition of our gold currency is known to be most unsatisfactory. The increased use of token silver, and the employment of token notes, would save much of the loss now occurring from the abrasion of gold, and much of the consequent inconvenience which last holders of worn coins at present suffer.

(H.)

LETTER of Mr. *Moritz Lévy*, Delegate of Denmark, to the French Minister of Finance,
President of the Monetary Conference.

Sir,

Copenhagen, 27 June 1881.

BEING prevented by private business from having the honour to participate as Delegate of Denmark in the resumption of the labours of the Monetary Conference, I take the liberty to address you this letter for the purpose of submitting to you my views of what, in my opinion, could be done to give a satisfactory solution to the important question which is now the subject of the deliberations of the Conference, and especially to avert the difficulties which, as is asserted in well-informed quarters, there is reason to fear may arise from the present situation.

At the same time I must beg of you, Sir, to consider this communication as the expression of my personal opinion only, and as in no way committing the Danish Government.

Permit me at once to confess that I have not been able, in any view of the matter, to persuade myself of the advantages of bimetallism. I am as convinced to-day that the Scandinavian countries pursued a wise monetary policy in adopting the single gold standard in 1872, as I was at the time when I was occupied in labouring for the realisation of that reform.

Among the disadvantages of bimetallism I may be allowed to point out, in particular, the following:

I. The relative value of gold and silver being subject to variations, like that of every other product, the fixing by law of a constant and unchangeable relation between the two metals would, after a limited time, entail the result that banks of issue would only be able to redeem their notes in silver, and that this last-named metal would become the real medium of international payments, unless, indeed, the value of silver had been fixed too low.

It is certain that the people of the different civilised countries prefer gold to silver, and reject the latter; this has been shown by the experience of France and the United States of America. The result will be, beyond all doubt, that the banks of issue, not being allowed to refuse silver, will become the reservoirs for the accumulation of that metal, so that in the course of time the banks will hold nothing but silver for the redemption of their notes and for the settlement of international transactions.

II. The commercial value of silver in relation to gold has, during the three years last past, been nearly as 1 to 18; now, if the ratio between these two values be fixed by law at the proportion of 1 to 15½, and if this ratio be adopted by several great countries, the commercial value of silver will necessarily rise at once. It follows that the production of this metal will be stimulated and might even attain such proportions that the total money-mass would be increased very much beyond the natural requirements.

The consequence would be a general rise in the price of all the necessities of life, such as took place after the discovery of the auriferous deposits of California and Australia.

A like state of things would work to the injury of all those who live upon fixed incomes, and, what I consider still more important, would change the conditions of living in the case of the millions of workpeople who earn their bread by daily wages.

Experience has sufficiently proved that only after conflicts and struggles do wages reach the level of a rise in the price of articles absolutely required for subsistence.

If, therefore, I do not believe that there is any occasion for a country having a monetary system based upon the gold standard to exchange the same for one based upon bimetallism, nevertheless I am not prepared to deny that the present situation, produced as it has been by various causes, may lead to difficulties if the circumstances which brought it about continue to exert an influence during any considerable time.

So far as concerns silver, it must be admitted that the fall in its price does constitute an obstacle to the development of commercial relations between many countries of Europe and the countries of Eastern Asia, whose monetary system is based upon silver; and that the falling value of this metal exerts a most hurtful influence as respects the large amount of European capital employed in Asia.

Further, a prolonged depression in the price of silver would lead to another difficulty in all those countries having a limited or unlimited circulation of the white metal, viz.,

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that the considerable divergence between the nominal and intrinsic value of the silver coins would be, of itself, a temptation to counterfeiting. Even without debasing the alloy or reducing the weight of the coins, such fraudulent manufacture would be remunerative, provided it were carried on upon a sufficiently great scale.

If it be true, as it appears, that there is too much available silver upon the market, the contrary seems to be the case with gold. The existing stock, together with the annual yield, is hardly large enough to allow of Europe submitting longer to so heavy an exportation of this metal as has been witnessed during the past three years, without compelling a recourse to measures necessary in periods of monetary crisis.

Until now Europe has been able, without difficulty, to furnish the United States of America the quantity of gold required for the payment of the supplies of food which the former has imported; but if this situation continues, if several bad harvests in Europe render necessary the continued importation of provisions from America, and if the latter country, in pursuance of its protectionist policy, prevents Europe from paying in European products and manufactured articles, then the exportation of gold to America must go on, and this state of things might be prolonged until the American circulation became glutted with gold.

It is true that the regular annual production of the yellow metal will assist Europe in its settlements with America, but, at the same time, any country should succeed, by extraordinary means, in extracting gold, as Italy is, just now, endeavouring to do; it is certainly doubtful whether the three great reservoirs of that metal in Europe, the Bank of England, the Bank of France, and the Bank of the German Empire, would be able to stand the drain without causing a long-continued and severe pressure upon the monetary circulation of the different countries.

Such is the situation. What are the means to prevent the evils with which it seems to menace us? My answer is this:—

The remedy must be sought in a more extended employment of silver, and in a more restricted use of gold. Silver must become, in a much greater degree than at present, a necessary part of the circulation needed for the smaller domestic business of each country, while gold would serve only as the metallic reserve guaranteeing the notes of banks issued in larger sums, and as the means of settlement in international transactions.

Both of these objects would be attained if all the States represented at the Conference, or at least the seven great Powers, France, England, Germany, Russia, Austria-Hungary, Italy, and the United States of America (the other countries are of minor importance in this matter), would unite in the adoption of the following measures:—

I. Withdraw from circulation all notes of a nominal value of less than 20 francs, or an amount corresponding thereto in other denominations.

II. Withdraw from circulation all gold pieces of less value than 20 francs.

At one of the early Sessions of the Conference the honourable Delegate of Russia remarked, in connection with the declaration made on the part of Germany of her willingness to withdraw the German five-mark gold pieces, that such a measure should be extended to gold coins corresponding to 10-franc and 10-mark pieces; but such an operation, undertaken by itself, would, in my opinion, prove insufficient, unless preceded or accompanied by the withdrawal of all the classes of notes referred to above; in fact, silver is driven away much more by small bank notes than by the little gold pieces.

The essential thing, as I observed above, would be to render the use of silver necessary in every day dealings. The great obstacle to this is the presence of the immense quantity of national notes and bank paper of small denominations which is to be found in the civilised world, and in part unsecured by any metallic reserve. These notes and the small gold coins are, in a certain degree, an obstacle in the manner indicated.

But first in importance should be the suppression of the low denominations of paper money; for if the gold pieces withdrawn are replaced by notes, these latter will not serve to increase the quantity of gold available in those countries which, in respect to the issue of bank notes, follow the rules of the Bank of England. In such a case the gold coins would simply be turned into the reserve to secure the increased issue of notes which, in the circulation, would have replaced the coin. The withdrawal of the gold pieces could only augment the quantity of gold disposable for international exchanges in those countries where bank paper is not based upon a metallic reserve, or where silver occupies the place of the other metal.

I will now, with your permission, point out the practical consequences of the measures which I have just recommended. It will only be necessary to consider the seven great countries above named, the position of the other States having no essential importance in the general consideration of the question. Furthermore, these latter have no small notes in their currency except such as are entirely secured, as, for example, in the Scandinavian kingdoms.

According

According to the information that I have been able to obtain, the amount of notes in circulation having a nominal or face value of less than 20 francs is as follows:—

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Germany :	Francs.
Notes of 5 marks - - - - -	50,000,000
Austria-Hungary :	
Notes of 1 and 5 florins - - - - -	430,000,000
Russia (approximately):	
Notes of 1, 2, and 3 roubles - - - - -	1,000,000,000
Italy :	
Notes of ½, 1, 2, 5, and 10 francs - - - - -	559,000,000
United States of America :	
Notes of 1 and 2 dollars - - - - -	230,000,000
TOTAL - - - Frs.	2,269,000,000

In order to get at the amount of gold pieces of less than 20 francs, which I propose should be withdrawn from circulation, we evidently cannot take the quantity coined as the basis of our estimate. During the course of time a large number of these pieces have been melted down and exported; a great many are held by the banks, of which they make up part of the metallic reserve. We must therefore only take into consideration the sum total of these coins actually in use in the currency. This figure can only be arrived at by means of estimates; but I think I shall not be far from the truth in taking the amount of gold pieces of less than 20 francs in value, and actually in circulation, at the following:—

Germany :	Francs.
Pieces of 5 and 10 marks - - - - -	250,000,000
France (with Belgium and Switzerland):	
Pieces of 5 and 10 francs - - - - -	600,000,000
England:	
Half-sovereigns - - - - -	450,000,000
United States of America :	
Pieces of 1 and 2½ dollars - - - - -	250,000,000
TOTAL - - - Frs.	1,550,000,000

A sum of one milliard and a half in gold might thus be withdrawn from circulation, which amount of that metal would thus become available for international settlements, while at the same time a great quantity of silver would be needed to take the place of the gold and paper money retired.

According to the figures given above, there would be employment, in round numbers, for two milliards and a quarter and one milliard and a half, or a total of three milliards and three quarters of francs in silver; but there is reason to think that the proposed operation would not require so great a sum in that metal.

It must be remembered that a portion of the small gold pieces withdrawn would be replaced by gold coins of a larger denomination; and likewise many of the smaller notes by paper representing larger amounts. I am, nevertheless, convinced that the complete carrying out of the plan thus presented would necessitate a new currency of silver coins to the extent of two milliards of francs at least.

Such increase from, as I may say, a new direction of one milliard and a half in the available mass of gold, equivalent to the annual product of three years, and a new-found employment of silver to the amount of two milliards would, beyond doubt, remove all fear of a diminution in the supply of gold, and at the same time would not only prevent a further fall in the price of silver, but would much more likely cause a progressive rise in its value, which might finally approach the ratio formerly existing between silver and gold.

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By these means the harm which is feared would be averted, and in a manner much more lasting and natural than any that bimetallism will ever be able to offer.

This plan presents, it is true, one disadvantage, but one, fortunately, easy of remedy.

In those countries where, up to the present time, the little gold piece has, in fact, been used for small change, as the half-sovereign in England and the 10-franc piece in France, and in the countries where notes of corresponding amounts have served the same purpose, complaints will be heard of being compelled in the future to carry upon the person a greater weight of silver than it had been the habit formerly to do.

But what is there to prevent the creation of a representative of the silver piece, in like manner as gold is represented by large notes?

I think there would be no danger in issuing a paper money, silver notes, which would circulate in the place of the bulky silver coins, such as the five-franc, the five-mark, and the five-shilling piece, provided three things be kept in view:

1st. The silver notes should be secured by a precisely corresponding amount in silver.

2nd. So far as concerns the sum for which these notes would be legal tender, the limit should be the same as that for the silver coins which they represented; thus, in England the use of such notes would be limited to payments not exceeding 2 l. sterling.

3rd. In countries having the single gold standard, the State should be obliged to redeem the notes under the same rules which are established in each country in relation to the convertibility of its silver coins.

In this way every necessary guarantee would be obtained against an inundation of little notes, and the currency of the different countries would be ordered in such wise that gold would answer the requirements of international transactions, and would remain a fund for the redemption of the large denominations of bank notes, while silver would serve in small domestic dealings, and as the metallic basis for the silver notes whose legal tender faculty would be limited as indicated above.

Thus do I believe, Sir, that the interesting question now occupying the attention of the Monetary Conference may be solved without the necessity of a radical breach with the principles upon which are based the monetary systems of the different countries; for the requirement that the small, irredeemable notes should be got rid of, or provided with a redemption fund is only what every State having an inconvertible paper currency is constantly striving to attain, and the further requirement that certain States should exchange the use of their little gold pieces, many of which are much rubbed and worn, for silver coins or notes completely secured, can scarcely be regarded as calling for a sacrifice, especially when the object we are all seeking is immunity from troubles and difficulties of which the consequences may disturb the economic development of our different countries.

While leaving it, then, entirely to your good judgment, Sir, whether or not to make known to the Conference the plan which I have taken the liberty to submit to you, I seize the occasion for renewing to you the assurance of my highest regards.

(signed) *Moritz Lévy*,
Director of the National Bank.

(K.)

HISTORICAL NOTE on the Simultaneous Circulation of the Two Metals in *France*,
1726—1785.

Presented by Mr. *Dana Horton* (page 102).

In monetary controversy the assertion is often heard, that the "double" standard has always been merely an optional, an alternative, standard, and never really composite or "bimetallic;" that it has never happened that a double standard country long enjoyed the great monetary *desideratum*, a simultaneous circulation of the two metals.

Some researches I have had occasion to make into the monetary history of France have enabled me to show with absolute certainty that this assertion is erroneous.

I cite the following authorities:—Charles Alexandre de Calonne, the Finance Minister of Louis XVI., who proposed, and executed, the famous project of the recoinage of the gold coins at 15½, in 1785; and Martin Michel Charles Gaudin, Duke of Gaeta, Finance Minister between 1799 and 1813.

In

In his "Explanation of the Operation of the Re-coinage of the Gold Coins," Calonne says:—

"In 1726 the legal ratio was fixed in France at 14 marcs 5 ounces of silver to a marc of gold; and that which proves with how much sagacity this point was seized is the fact, that during a long course of years France retained in her circulating medium a sufficiently large proportion of each metal. Nevertheless, her gold gradually became less common, and for some years this scarcity has rapidly increased; and this precisely because its legal value has always remained the same, while its metallic value has increased from year to year."

Further on he gives 650 millions of *livres* in *louis d'or* as the amount of *louis* in existence in 1785, and 1,300 millions of *livres* as the total amount of *louis* coined at the re-coinage of 1726, and in the following period down to 1785.

In his "Second Report to the Consuls on the Coinage" (1803), Gaudin observes that during the long period between 1726 and 1785 no one had observed that the low proportion of 14½ had caused any inconvenience, but that in 1785 a voice was heard saying that foreigners were carrying off gold from France.

With her traditional hoard of silver, and with the gold circulation thus indicated, it is safe to say that in the 50 years that followed 1726 France enjoyed a simultaneous and sufficient circulation of both gold and silver.

(L.)

NOTE on the two extremes of Opinion concerning the Cause of the Value of Money.

Presented by Mr. Dana Horton (page 125).

Explanations of the value of money divide themselves naturally into two categories: the extremity of which on the one side is presented in the formula, *the Law is supreme*, on the other in the formula, *Commerce is supreme*.

The first of these two theories is the theory of the *fiat*, of the supreme efficacy of the command of law, better known perhaps as the theory of the advocates of paper money.

The second is the magistral theory of the orthodox dogmatic economic science of other days; or in other words the free trade or *laissez-faire* theory, dragged forcibly out of its proper place and wrongfully applied to money.

The Fiat Theory.

The best exposition within my knowledge of the *fiat* theory is that made by a Russian author of the last century, Iwan Possoschkow, a reformer of the time of Peter the Great. Neither the *assignats* nor the *mandats* in France, nor irredeemable bank notes in England, nor greenbacks in the United States, have inspired so complete a scientific expression of this doctrine as did the copper money of Russia in the days of Peter the Great.

"The foreigners," says Possoschkow, "estimate their foreign money according to the quantity of the metal it contains, and not according to the power of the monarch who issues it. They have a rate of relative value for silver and copper. But we honour our monarch as God, and we hold his dignity in honour, and most zealously obey his will. On whatever thing we see the name of his Imperial Majesty, that thing we estimate highly. . . . In coining money, men must not do as the foreigners do, and consider the amount of copper, but consider only the will of his Imperial Majesty. We are no foreigners; it is not the copper that is valuable to us; it is the name of our Czar. We do not look at the weight of the money, but upon the inscription."

He objects to the foreigners that they "come into our country, test the value of our money, and then raise the price of all their goods."

"Such prices," he says, "are the fruit of their insolence." Without any good reason, they have raised the price of all their wares, and have grossly offended us by so doing. Their self-will is responsible for it.

To be sure, they give as a reason for the rise of prices, our money, about which they have nothing to do.

If our coins come into their country, they might, for all I care, let our kopeks count only for half a kopek; that is their affair; it is their country, and their will.

But among us they have no power; with us, our monarch has all power.

Among the foreigners, kings have less power than the people; there the kings cannot accomplish anything out of their own sovereignty; but their subjects are all-powerful, and especially the merchants.

We have here the command of the law raised to its highest power; the omnipotence of the law alone, and of a single law.

Theory of Free Trade applied to Money.

I dreamed that I was in the pattern country of free trade. It was not Belgium; but it ought to be very near it if we may rely upon the theories of the *spirituel* representative of that country in the Conference.

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In the matter of money, there was no regulation or interference on the part of the State. The law did not trouble itself with the question what object should be used as the equivalent and evaluator of commodities and of services; it was commerce which settled everything.

Taxes were paid, but people gave whatever they chose. The Government also paid the salaries of its members with all sorts of things which it wished to be rid of. One month it gave old cannon; another month, hunting permits in the forests of the State. On the other hand, one could pay for postage stamps with dynamite if he wished. For those who were condemned or adjudged by the Courts to pay fines or damages the system was notably convenient; they gave things of which they had no need, the law having nothing to say in presence of this "natural course of events."

For an official appraisement, or in the winding-up of an estate, it might perhaps be loads of wood, or barrels of whale-oil that served as the measure, the instrument of valuation. Complete liberty of contract was, however, observed; only the modes of enforcing contracts left much to be desired. The recalcitrant debtor could be cited before the Courts; but inasmuch as, if he were adjudged to pay damages, he had entire freedom of choosing the means of payment, it was simpler to compromise than to go to law. It sometimes happened, therefore, that a bill of exchange expressed in weights of the precious metals was paid with building-stone, or a mortgage of similar tenor was paid off with gravel.

The truth must lie between these two extremes; between the impotence of all laws, even the wisest, and the omnipotence of a single law, however unwise it may be: *Medio tutissimus ibis*. It is this central position which is occupied by the doctrine of bimetallists.

It is a curious fact that those who to-day place themselves at one of these two extremes of opinion concerning the cause of the value of money, and who, if they were consistent and logical, ought to undertake to call into real existence their ideal world of free trade in money, accuse the bimetallists who occupy the centre of monetary doctrine, of taking this stand at the opposite extreme, of being really *fiat* men; an accusation which, by the way, is not merely false but at the same time an anachronism.

Inasmuch, however, as this confusion of ideas contributes largely to the slowness with which Europe is being converted to the monetary reform proposed in 1878 by the United States, it may not be without use to mark the contrast offered by the development of opinion concerning the cause of the value of money on the two continents respectively.

Happily, perhaps for herself, Europe in general has not been, like the United States, the theatre of a long political struggle, in which the monetary question has occupied the centre of the field. In Europe for many years men, eminent in political life, have had better things to do than to discuss the theory of money. But with us in America, it was otherwise; the civil war between the rebels and the nation lasted but four years; but the monetary war has already lasted 19 years, paper against metal, gold against silver, and the end is not yet. The United States is a country, therefore, in which, in the midst of a civil war, the law replaced a money (gold and silver) guaranteed by all the monetary laws of which the history of the human race has recorded the existence, with a money guaranteed by a law of the United States alone; and when at the close of long political struggle it was at length possible to decree the replacement of this national, by the international, money it was ascertained that, in the interval, while this discussion had been going on, a legal revolution in several nations had disorganised this very system of international money to which it was proposed to return. In such a country the question of the cause of the value of money was naturally in permanence the order of the day; and there was no possibility of remaining an optimist in favour of maintaining the *status quo* of the best of all possible worlds; it was necessary to take sides; it was imperative to decide between the "*fiat*-money man" who desired to retain and to augment the paper money, and the free trade theorician who thought that paper could be replaced with gold at one stroke.

Hence the question of the cause of the value of money was ripe in the United States earlier than in Europe.*

* This analysis of the theory of free trade in money, and of Iwan Possoschkow, was made in 1876. (See "Silver and Gold," pages 169-174.)

INTERNATIONAL MONETARY CONFERENCE, 1881.

R E P O R T

TO

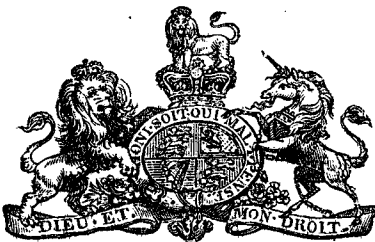
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ON THE

INTERNATIONAL MONETARY CONFERENCE,

1881.

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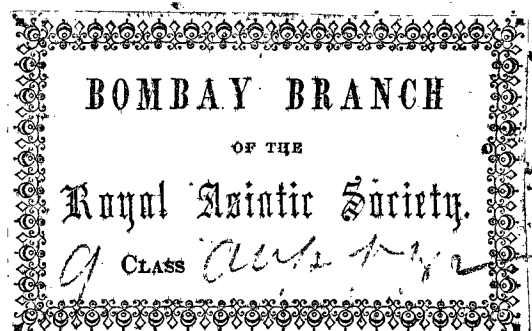
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International Monetary Conference, 1881.

REPORT TO THE SECRETARY OF STATE FOR INDIA.

MY LORD,

THE "Procès Verbaux" of the International Monetary Conference held in Paris last year, and adjourned until the 12th April 1882, which we attended under your Lordship's instructions of 4th May last, as delegates of British India, having been made public and presented to Parliament, we desire to submit to your Lordship the following observations on its proceedings.

As your Lordship is aware, the Conference of 1881 is the third which has been convoked in Paris within a comparatively short space of time, in the hope of arriving at some international agreement on the question of establishing an uniform monetary system founded upon a common standard of value.

The first Conference, which had also for its object the creation of an uniform system of coinage, was held in 1867, and arrived at an almost unanimous conclusion (there being only two dissentients out of 20 States represented) that a basis of future international uniformity should be sought in a single gold standard supplemented temporarily with silver, as occasion might require.

This conclusion soon produced an important effect on the monetary legislation of the world.

Germany, in 1871, adopted a single gold standard and demonetized silver. The Scandinavian States followed. The United States in 1873 suppressed their silver standard, and, though it has been since restored, free coinage has not been resumed. The States of the Latin Union closed their mints to silver, partially at first and finally altogether. The Netherlands, after several temporary suspensions of its silver coinage, finally suspended such coinage for an indefinite period, and introduced a gold standard with free coinage of gold in 1875. Thus, at the present time, gold alone is admitted to unlimited coinage either in Europe or in the United States of America. During the period of this change in monetary legislation a change has taken place in the relative value of gold and silver, which has been made the subject of inquiry, in England by a Parliamentary Committee, and in the United States of America by a Commission of Congress, the latter of which did not confine itself to an examination of the causes of this change, but reported in favour of the adoption of a double standard of value, an uniform proportion of weight between gold and silver coins being established by international convention.

It was to give effect to this recommendation that the Conference of 1878 was convoked at the instance of the United States of America. Germany was not represented at this Conference. The English delegates who, on this occasion, represented also the Government of India, only attended on a distinct understanding that, while accepting a free discussion on the subject, England could in no way depart from the policy in respect to currency which she had pursued for the last 60 years; and France was not prepared to adhere to the American proposals.

In these circumstances, it soon became apparent, on the meeting of the Conference, that it would lead to no definite result, and that it could only serve for the exchange and expression of opinions and the collection of information.

Nevertheless, although no formal vote was taken on the propositions submitted by the United States delegates, the Conference, before separating, passed the following resolution by a large majority of its members, the minority, consisting of the representatives of the United States and Italy only:—

"The delegates of the European States represented in the Conference, desire to express their sincere thanks to the Government of the United States for having procured an international exchange of opinion upon a subject of so much importance as the momentary question.

- “ Having maturely considered the proposals of the United States, they recognize:—
- “ I. That it is necessary to maintain in the world the monetary functions of silver as well as those of gold, but that the selection for use of one or the other of the two metals, or of both simultaneously, should be governed by the special position of each State, or group of States.
 - “ II. That the question of the restriction of the coinage of silver should equally be left to the discretion of each State or group of States, according to the particular circumstances in which they may find themselves placed; and the more so, in that the disturbance produced during the recent years in the silver market has variously affected the monetary situation of the several countries.
 - “ III. That the differences of opinion which have appeared, and the fact that even some of the States which have the double standard find it impossible to enter into a mutual engagement with regard to the free coinage of silver, exclude the discussion of the adoption of a common ratio between the two metals.”

The second Conference, therefore, was attended with this remarkable result, that by an unanimous expression of opinion (for on this point the minority and majority were agreed), it absolutely reversed the almost unanimous vote of the Conference of 1867 in favour of a single gold standard, by affirming the necessity of maintaining in the world the monetary functions of silver as well as those of gold.

As has been already stated, at the time when these resolutions were adopted, none of the European States nor the United States of America allowed the free coinage of silver. The United Kingdom, Germany, the Netherlands, the Scandinavian Union, Portugal, and Greece possessed the single gold standard. In the Latin Union and in Spain, although the double standard was still so far maintained as to allow the use of both gold and silver coin as legal tender for unlimited amounts, the coinage of silver had been also altogether suspended; while in Italy, a member of the Union, as well as in Russia and Austro-Hungary (in which two last, however, the standard was silver), there was a forced paper currency.

The United States of America were about to resume specie payments nominally on the double standard, but with restrictions on the coinage of silver, which can only be struck by the Government within limits prescribed by law.

It is, therefore, to be presumed that the idea which found its expression in the resolution of the Conference, as to the necessity of maintaining in the world the monetary functions of silver, was that States which had retained the double standard, although restricting the coinage of silver, might refrain from closing their mints altogether to that metal or be led to relax those restrictions, or that States with a forced currency might resume on silver, or at least on both metals.

If this was the hope which inspired the resolution, the events of the three years which followed the Conference have in no way encouraged the prospect of its fulfilment.

In none of the European States have the restrictions on the coinage of silver been in any degree relaxed; in none has the coinage of silver money of full value been again allowed; while Italy, the only country with a forced paper currency which is preparing for resumption, has commenced by a considerable loan in gold.

Meanwhile, the relation of supply to demand, as regards both gold and silver, has undergone a marked change.

A glance at the history of the last 10 years will show how completely the conditions of the problem have been altered since the first Conference in 1867 pronounced in favour of the single gold standard.

The stock of gold in European countries, available for purposes of currency in the year 1871 has been estimated at 520,000,000*l*.* distributed in the following proportions:—

	£
(a) State with a gold standard - -	138,000,000
(b) States with a silver standard - -	77,000,000
(c) States with a double standard - -	305,000,000

In 1871 the population of the States under the gold standard in Europe was about 36 millions, and the value of their foreign trade rather more than 625 millions sterling.

* See Appendix to Report of the Select Committee on the Depreciation of Silver in 1876, page 8.

Since that year Germany and the three States forming the Scandinavian Union have formally adopted the single gold standard, and have demonetized their silver; while France, Belgium, and Switzerland, by closing their mints to the coinage of silver, have, for all practical purposes, done the same. So far as international trade is concerned, silver is no more available, for purposes of currency, than any other commodity held in those countries.

In all the important States of Europe gold is, therefore, now the only standard of value. The total population of these States amounts to more than 140 millions; and the foreign trade, which is now conducted solely on a gold basis, is about 1,850,000,000*l.* In other words, the population of gold-using States in Europe alone has been increased by more than 100 millions of people in the last 10 years, and the value of their foreign trade is threefold what it was.

Nor is this all. Since the resumption of specie payments in the United States, that country has become a most formidable competitor in the gold markets of the world. Its population now amounts to about 50 millions, and its foreign trade has grown from 172,000,000*l.* in 1870, to 317,000,000*l.* last year. Its stock of gold, which was estimated to be slightly over 29,000,000*l.* in 1873, was in November 1881 117,000,000*l.*, and of this increase no less than 75,000,000*l.* is due to the last four years alone.

The question then arises, what additional amount of gold will be required to meet the wants of a population and a trade, which have increased in these proportions, if a single gold standard is to be adopted and silver to be demonetized?

Two pounds per head of population would probably be a very moderate estimate. This is almost the exact amount which has been coined in Germany, since the introduction of a gold standard. The amount actually in circulation in the United Kingdom is stated to be 4*l.* per head. In France it has hitherto been rather more; while in the United States, where the metallic currency is economized to the last degree, it is about 2*l.* 10*s.* But, putting it as low as 30*s.* per head, the addition required to the stock of the European States alone, in the last 10 years, would be nearly 160,000,000*l.*

Now the total production of the gold mines of the world during that period was not much more than 200,000,000*l.*, and has of late years been decreasing; the annual average having fallen from about 20,016,000*l.* in the first five years to about 18,980,000*l.* in the second; while the amount consumed in the industrial arts and for purposes other than coinage cannot, on the lowest estimate, have fallen short of 10,000,000*l.* per annum, and some authorities place it at 14,000,000*l.*, or even 16,000,000*l.* per annum.

The total production during the 10 years which remains available for currency is therefore reduced to 100,000,000*l.*

On the other hand we have had the following demands upon this stock:—

1. The requirements of the European States, which, as has been shown above, alone amounted to nearly 160,000,000*l.*
2. The quantity actually absorbed in America, between 80 and 90 millions sterling.
3. The amount required for the ordinary wear, tear, and waste of existing stocks, for which 5,000,000*l.* per annum, or 1 per cent., would probably not be an excessive estimate; and
4. The requirements of other important countries, such as our Australasian Colonies and India, in which latter country alone the average annual consumption, even in the last 10 years, has been 1,500,000*l.* for 15,000,000*l.*, and in 1880–81, more than 3,500,000*l.*

After making every allowance for over-estimates under all these heads, it cannot be said that the account will present a very satisfactory appearance, when the balance comes to be struck.

Or the question may be put in another form,—

We have seen that since 1871 the legislation of Germany, the Scandinavian Union, the Netherlands, and the United States has led to the absorption in their currencies of a large stock of gold. Is there any reason to suppose that, if this new and additional demand for gold had not arisen, there would have been any redundancy in the supply of those countries previously using gold in their currencies, and, if not, must it not be probable that the diminished supply, which has been available to them, must have been insufficient for their requirements, and must have contributed powerfully to the appreciation of gold?

The estimates framed by different authorities as to the extent of the requirements of the leading commercial countries are so various, depending, as they must, on the relative weight given to the several factors of the problem presented—such as the course of the monetary policy in those countries in the immediate future, the degree to which the use of gold in currency may be economized, even with a monometallic gold

standard, the demand for gold in the industrial arts, and the degree to which gold heretofore hoarded, but forming a part of the total stock, may be presented for coinage, —that no useful purpose can be served on this occasion by a detailed examination of them. This question, therefore, is not one on which any general "consensus" of opinion can be expected. But it seems probable that, if there is to be a progressive increase of population and trade, the adoption of a single gold standard, even by the whole of Europe and by the United States of America, might cause such a contraction of the metallic currency, on which the vast superstructure of credit in all its forms can alone safely rest, as would be attended with the greatest inconvenience, and possible disaster.

These considerations appear to have led the Governments of France and of the United States of America at the beginning of last year to think that the time had come when a third attempt should be made to arrive at some international agreement on this important subject, with a view of remedying existing disorder and averting future danger.

As has been already said, the object of the preceding Conferences had been to promote uniformity in the monetary systems of the world. The first had recorded its opinion that a basis of international uniformity should be sought in a single gold standard. The second had affirmed the necessity of maintaining the monetary functions of silver, but proposed that the choice of gold or silver, or both, as the standard of value, should be left to the independent discretion of each separate State; expressing no opinion as to whether a stable ratio could be virtually attained without concerted action, or whether the absence of such a ratio was a less evil than an uniform gold standard. But, however this may have been, the question which had led to the convocation of both Conferences remained still unsettled; for after nearly three years, nothing had been done, and no prospect was presented of anything being done by the independent action of the Powers to restore the former value of silver or to establish a sufficiently stable relation between the value of the two metals to ensure a practical uniformity.

The function of a standard of value is that it shall serve as a common measure in the exchange of commodities and of services.

To enable such standard to serve this function effectually, two qualities are requisite, uniformity and stability.

If the supply of one metal were sufficient to satisfy the requirements of the world for currency, these two elements would co-exist in a monometallic standard of value; and there cannot be a doubt that, as a matter of history, it was the impression produced by the gold discoveries of California and Australia which led to the adoption of the recent policy of gold monometallism.

But the production of the precious metals during recent years, and the prospect of their future production, point to the improbability of any supply of gold which can be adequate to the demands which may be made upon it, if it is to serve as the sole metallic currency of the world. And, independently of this consideration, while the production of either gold or silver, taken separately, is subject to much fluctuation, that of the two metals together is comparatively steady.

Opinions may differ as to the comparative evils of an appreciating and a depreciating currency, but it cannot be denied that both defeat the object of a standard of value, and impair its efficiency.

It is essential to stability that the supply of the metal, which serves as the basis of its currency, should keep pace with the demands upon it. But if one metal is insufficient, or otherwise unsuitable, for this purpose, it cannot efficiently serve as a standard of value, for it must be wanting in one or both of its two indispensable attributes.

If, therefore, to ensure stability, both metals must be retained as part of the metallic currency of the world, how can this be done without losing in uniformity what is gained in stability, and thus equally defeating the object of a standard of value? It is thus, that while uniformity had been the chief preoccupation of the first, and stability of the second Conference, an international standard of value possessing both requisites was still unattained.

The Governments of the United States and of France seem, therefore, to have thought that, if any system of concerted action could be devised which would on the one hand establish uniformity of standard, and on the other obviate the evils of a contracting currency, by maintaining the monetary functions of both metals, the objects of the two Conferences might be reconciled.

Such concerted action could, however, only take one of two forms. The one, an agreement by which a repartition of the standards should be made between the nations,

or between certain groups of nations which might restore and sustain some possible equilibrium. The other, an agreement to make one money of the two metals—in other words, to adopt “bimetallism.”*

Placed between these two alternatives, the Governments of France and of the United States decided on the second, as offering in their opinion more hope of success, and a very much more complete solution of the problem.

This proposition was, however, one which had been almost unanimously rejected by the Conference of 1878, but the change which had taken place in the views of the Governments of two of the leading powers, France and Germany, had greatly modified the situation. The first had abandoned the attitude of expectancy, and the second that of abstention, which they had respectively maintained in 1878. And while France was prepared to associate herself with the United States in the invitation, Germany was prepared to respond to it, so far as to take a part, which afterwards proved to be an important part, in the discussion of the question.

The monetary position of these two great Powers supplied a sufficient explanation of this change of attitude. In January 1878, the bullion reserve of the Bank of France consisted of 44,200,000*l.* gold, and 34,800,000*l.* silver. In December 1880, the proportions had changed to 21,800,000*l.* gold and 49,000,000*l.* silver, and the large accumulation of the latter in the face of an arrested coinage indicated in no mistakeable manner the difficulty of long maintaining a bimetallic standard and a double currency, while it exposed the Bank to a serious danger in retaining so large a stock of the depreciated metal.

In Germany, the obstacle interposed to the transformation of its currency from silver to gold, and the losses involved in the process, had become matters of serious consideration.

England alone of the three leading European Powers remained in the same position in 1881 as in 1878, and had not given the slightest encouragement to the hope that she could submit her monetary system to international regulation. If, therefore, her co-operation had been thought essential to the success of a renewed attempt to form a bimetallic union, it is greatly to be regretted that no steps were taken, before the convocation of the Conference, to elicit the frank and unqualified statement of policy which was unequivocally given on the receipt of the invitation. There is, however, reason to think that the interest undoubtedly possessed by the Government of India in the restoration of the value of silver had led to the belief that England also might be induced to modify the attitude taken up at the Conference of 1878, and to lend a more favourable ear to proposals which had this end in view.

In 1878, the United States had, indeed, found no difficulty in obtaining the supplies of gold required for the purposes of resumption which took place in 1879, and had coined very large annual sums of this metal (no less than 27,700,000*l.* in the three years 1877–79, the total stock being now 117,000,000*l.*), but large as this supply has been, it has been found insufficient for their metallic currency, and under the operation of the “Bland bill,” which authorised the coinage of silver at the rate of at least \$2,000,000 a month, silver has been coined to the amount of \$102,000,000, a process which is being still continued.

It is evident that, if this progressive addition to the stock of silver in circulation is not arrested, a time may arrive when the Government of the United States will be confronted with the difficulty already encountered by France in maintaining the double standard, and may be compelled either to close its mint altogether to the coinage of silver, or (should a change in the course of trade lead to the export of gold) to revert to a silver standard.

This contingency has since become so manifest, that both the Director of the United States Mint, Mr. Burchard, and the Secretary to the Treasury, Mr. Folger, in their recent reports, have made formal recommendations that the coinage of silver should be at once suspended.

The view taken at that time by the United States Government on this subject is summed up in the inaugural address of President Garfield of the 4th March 1881, in the following words:—“By the experience of commercial nations in all ages, it has been found that gold and silver afford the only safe foundation for a monetary system. Confusion has recently been created by variations in the relative value of the two metals, but I confidently believe that arrangements can be made between the leading commercial nations which will secure the general use of both metals. Congress should provide that the compulsory coinage of silver, now required by

* A Note by Sir L. Mallet is appended to this report on The Theory of Bimetallism.

“ law, may not disturb our monetary system by driving either metal out of circulation.
 “ If possible, such an adjustment should be made that the purchasing power of every
 “ coined dollar will be exactly equal to its debt-paying power in all the markets of
 “ the world.”

We think that enough has been said to explain the reasons which appear to have led the Governments of France and of the United States of America to issue an invitation in the form of a Note, which was communicated to Her Majesty's Government by the French Ambassador and the United States Minister at London, on the 26th February 1881, in the following terms:—

“ The Governments of the French Republic and of the United States, having exchanged views on the subject of a Conference between the powers principally interested in establishing a system of gold and silver international bimetallic money, and securing fixity in the relative value of the two metals, and having come to an agreement regarding the usefulness and importance of such a Conference, as well as on the date and locality thereof, have the honour to request that the Government of Her Britannic Majesty will take part in a Conference composed of such delegates as may be named by each Government.

“ The Conference will meet at Paris on Tuesday, the 19th April next, with the view of examining and adopting, for submission to the Governments represented at the Conference, a scheme and system for the establishment, by means of an international convention, of the use of gold and silver as bimetallic money, with a fixed relative value between the two metals.”

The form of this invitation appeared, both to the Lords of the Treasury and to the Secretary of State for India, to render further explanations necessary, before the consent of Her Majesty's Government was given to the representation either of Great Britain or India at the Conference, but after some correspondence it was agreed (the Governments of France and of the United States having given a full assurance that by so doing Her Majesty's Government would in no way commit itself to the principles of their proposal, and would retain absolute liberty of action) that delegates should attend on the part both of the British Government and of the Government of India, but that, instead of forming one delegation, as on the occasion of the Conference of 1878, the Governments of Great Britain and India should be separately represented, under instructions from the Lords of the Treasury and the Secretary of State for India respectively.

Such separate representation was considered necessary in view of the very different position of the two Governments in relation to this question.

In England the single gold standard had been maintained for more than 60 years, and was apparently still approved by public opinion; while in India, which had possessed the single silver standard for nearly as long a period, so much inconvenience and latterly so much loss had been caused by the fluctuations of exchange, that a change of system had been a frequent subject of discussion, and the future relation of silver to gold was a matter of deep interest and anxiety.

Great differences of opinion have prevailed as to the effects upon India of the recent disturbance in the ratio of gold to silver.

It is not surprising that when this disturbance first became apparent in the early part of 1875, its causes were not fully understood, nor its consequences foreseen. Among other things it was confidently predicted that there would be a large additional exportation of silver to the East, and especially to India, where the mints were freely open to its coinage.

This anticipation rested on the assumption that the disturbance was due mainly to a depreciation of silver, in relation not only to gold but to commodities; on which assumption it was natural to suppose, as the disturbance had taken place out of India, that the new level of value between silver and commodities would be reached both by increased exportation of goods from India and also by an increased export of silver to India.

But the experience of the last six years proves, we think, that this assumption did not rest on sufficient grounds.

The importation of silver into India, and what is even more significant, the coinage of silver in India during those years, have no doubt been much larger than in the five years which preceded them, but latterly they have again fallen off.* In 1880-81 the net imports of silver were only 3,892,574*l.*, and the amount coined 4,153,174*l.*, and in

* See Appendix B.

the first eight months of 1881-82 only 1,781,180*l.* and 651,931*l.* respectively, and taking a longer period for the comparison, it will be found that in the last decade* both the imports and the coinage have been considerably less than in that which preceded it, having been arrested by the large growth of Council bills.†

	Net Imports of Silver.	Coinage of Silver.
	£	£
* 1851-60	- 62,300,000	- 66,518,000
1861-70	- 97,000,000	- 79,970,000
1871-80	- 50,500,000	- 57,119,000

It is difficult to suppose in the face of these figures that there can have been any general rise in prices in India due to a fall in the value of silver.

The inference appears to be irresistible, that the disturbance in the relative value of gold and silver must be sought rather in the appreciation of gold than in the depreciation of silver as a standard of value.

With an appreciation of the gold standard and a consequent fall in gold prices, any profit which would be derived from sending silver to India to be coined, when the gold price of the rupee is 1*s.* 8*d.*, would disappear in a corresponding loss on the gold price of the goods sent to Europe in return.

Accordingly we find that over a series of years no sustained impulse has been given either to the exportation of silver to India or to the exportation of goods from India, and that the course of trade has been rather in the opposite direction.

We have already seen that there has been a marked decline in the importation of silver into India during the last decade. A similar relative decline has taken place in the excess export of goods from India, as will be seen from the following figures:—

	£
Imports of merchandise, 1861 to 1870	- 297,980,000
" " 1871 to 1880	- 383,882,000
Increase, 29 per cent.	

Exports of merchandise, 1861 to 1870	- 536,924,000
" " 1871 to 1880	- 616,832,000
Increase, 15 per cent.	

The causes which have been at work will become more apparent if gold (which in India is only merchandise) is included in the above statement.

The account will then stand thus:—

	£
Imports of merchandise (including gold), 1861 to 1870	- 358,233,000
" " " 1870 to 1880	- 405,870,000
Increase, 13 per cent.	

Exports of merchandise (including gold), 1861 to 1870	- 539,196,000
" " " 1871 to 1880	- 622,716,000
Increase, 15 per cent.	

It will be seen from these figures that the imports of merchandise (including gold) have increased in the second decade somewhat less than the exports, while in the case of goods (excluding gold) the increase of the imports in the same period has been considerably greater than that of the exports.

But if the following table, which shows the Indian imports and exports of gold alone in each of the years of both decades, be examined, it will be seen that this relative change is mainly due, not to an increased exportation but to a diminished importation of that metal, the latter having fallen from 60,252,685*l.* in the first decade to 21,987,713*l.*

† Amount of Bills drawn on the several Governments in India.

Years.	Amount.
	£
1861-70	121,250,000
1871-80	172,290,000

in the second, while the exportation has only increased from 2,271,970*l.* in the first to 5,883,694*l.* in the second.

		<i>Gold.</i>	
		Imports.	Exports.
		£	£
1861-62	-	5,190,432	6,007
1862-63	-	6,881,569	33,410
1863-64	-	8,925,412	27,106
1864-65	-	9,875,032	35,068
1865-66	-	6,372,894	648,418
1866-67 (11 months)	-	4,581,472	739,144
1867-68	-	4,775,924	166,457
1868-69	-	5,176,976	17,624
1869-70	-	5,690,400	98,283
1870-71	-	2,782,574	500,453
		<u>£60,252,685</u>	<u>£2,271,970</u>

		Imports.	Exports.
		£	£
1871-72	-	3,573,778	8,434
1872-73	-	2,622,371	79,009
1873-74	-	1,648,807	266,169
1874-75	-	2,089,236	215,701
1875-76	-	1,836,381	291,250
1876-77	-	1,443,712	1,236,362
1877-78	-	1,578,927	1,110,798
1878-79	-	1,463,050	2,359,223
1879-80	-	2,050,393	299,889
1880-81	-	3,681,058	16,859
		<u>£21,987,713</u>	<u>£5,883,694</u>

This fact appears to us to support the view that the recent disturbance in the relative value of gold and silver is mainly due to an appreciation of gold.

A depreciation of silver in Europe would, it may be supposed, have led to a continuously increased exportation of that metal to India, and a continuously increased exportation from India both of gold and of goods; while an appreciation of gold and consequent fall of prices in Europe would by itself have rather tended to check the exportation of goods from India, but would have naturally diminished the exports of gold from Europe to India, and stimulated those from India to Europe, until the price of both had been equalized.

But, whatever may have been the effects of the recent disturbance upon this branch of trade, we cannot too strongly insist on the point that it is not the particular ratio of gold to silver, whether it be 18 or 15½ to 1; it is not whether the gold value of the rupee is 1*s.* 10½*d.* or 1*s.* 8*d.*, which is of permanent importance to the commerce of India. What is important, and, as the trade of India with England and Europe increases, more and more important, is that whatever that ratio, it should be steady, and not fluctuating from year to year, or even, as it has been, from month to month and day to day.

This importance arises from the fact that two thirds of the foreign trade of India is carried on with England and countries using a gold currency. This portion of its trade is carried on under what is really a form of barter, infinitely preferable, no doubt, to that of primitive barter, without the intermediary of any metallic standard of value at all, but still in a less degree open to the same objection so long as the currency of India is merely merchandise in the gold using countries, and their currency merely merchandise in India.

In principle, an uniform standard of value is as important in international as in national trade. The fluctuations of exchange will still remain which are caused by the cost of transport and mintage, and other differences in the monetary systems of

different countries, but the greater the natural difficulties which restrict and impede commercial intercourse, the greater the reason for removing or diminishing all artificial and unnecessary obstacles.

If it be said that an international trade is comparatively so small in amount that an uniform international standard of value is of small importance, it may be replied that it would be of no importance at all if there were no international trade, and that, in proportion to its magnitude, the evils of its absence are precisely the same whether it be small or great.

The same fallacious distinction between national and international trade is often made in connection with the question of protection.

Protective tariffs against foreign trade are still defended in countries such as the United States of America, France, and Germany which have long recognized the necessity of perfect freedom of trade between their respective States and departments.

It can hardly be doubted that the fluctuations which have taken place in the relative value of gold and silver during recent years, have been a cause of injury to India by impeding her foreign trade as well as by rendering that which has taken place more speculative than it otherwise would have been, and that these evils must be more and more felt as her international transactions increase. So much for the commercial aspect of the question.

From what has been said it will be seen that, so far as the internal economy of India is concerned, we doubt whether any appreciable effect has been produced through the disturbance of the ratio between gold and silver, either in diminishing the burden of existing taxes to the taxpayer on the one hand, or the charge for the silver debt to the Government on the other, both being fixed, and thus not affected by any change in the price of commodities; or, as has been asserted in some quarters, whether the recent increase in the opium revenue is attributable to this cause.

But, whatever the effect on Indian trade, the loss caused to the Government of India cannot be disputed. We will state it in their own words:—

“The Government of India has had in recent years to pay in London annually in gold about 15 millions sterling.* The greater part of this yearly charge is unavoidable and permanent. The interest, for instance, on the sterling debt of India and on the capital of the guaranteed railway and irrigation companies (amounting altogether to about 7 millions sterling); the pensions and annuities to retired officers of the Government, both civil and military, and their families (about 2½ millions sterling); that portion of the military expenditure which consists of pay and allowances, and most of the disbursements from the Home Treasury are all fixed by contract or honourable obligation, and cannot be reduced at discretion. Any divergence of the normal relative values of gold and silver must therefore have a most important bearing on the finances of the Indian Empire; and should such divergence be prolonged for any considerable length of time, it would be incumbent on the Government either to raise its revenue, or to reduce its expenditure, or to resort to both these expedients, in order to restore financial equilibrium.

Resolution of
the Govern-
ment of
India, dated
22nd Sept.
1876.

In common with the Government, its chief civil and military Officers, who, being of British birth, are under the necessity of remitting some considerable part of their earnings to their native land, must suffer heavily, their official incomes being fixed in silver, for a given quantity of which they will get a less quantity of gold. Moreover, all persons of the same nationality who have placed their savings in the securities of the Government of India, or have invested capital in local industries, lie under a similar obligation to transmit a large portion of their profits to Great Britain, and are exposed to the same substantial loss. The Government cannot be indifferent to the interests of these classes.”

The only set-off against these losses on the Government remittances is the diminished cost of the stores purchased in England, consequent upon any fall which may have taken place in gold prices.

These considerations are of serious importance, but they do not represent the full measure of the embarrassment and injury caused to the Government of India by the uncertainty which prevails under the present system as to the future relative value of gold and silver.

The element of doubt is inevitably large in every Indian Budget; but this inconvenience is formidably aggravated by the speculative character imparted by an unstable rate of exchange to every operation affected by it. There is no question connected with Indian loans and remittances, which form a material part of the current business

* Since increased to about 17 millions.

of Indian government, in the consideration of which the absence of an uniform standard of value between England and India is not a source of the greatest embarrassment, and often of loss.

Shall new loans be contracted, or existing stocks be consolidated in gold or in silver? Shall loans, contracted in one metal, be discharged in that metal or in the other? Shall remittances from India be made with a heavy loss on exchange? or shall they be suspended on the chance of improvement, but at the risk of heavier loss hereafter?

These, among other similar questions, are constantly recurring in the transaction of the business of the Government of India and of the India Office, and constitute a chronic cause of administrative inefficiency.

It is not, therefore, surprising that the Government of India should view with the greatest interest the prospect of any measures on the part of other Governments, whether by isolated or concerted action, which might not only have the effect of restoring the value of silver, but of providing for the future a more stable relation between silver and gold.

A common standard of value, at least between India and England, appears to be the only complete and permanent remedy for the inconveniences caused to India by the present state of things. The adoption of a silver standard being impossible, this, in theory, can only be attained by the introduction of the gold standard in India. The practical objections to this course are of a very serious kind, but it is worthy of remark that they derive their force rather from the interests of England and other gold using countries, than from those of India itself.

The foregoing statements of Indian trade show that hitherto, in spite of the disturbance in the ratio of gold and silver during the last six years, no apparent increase has taken place in the volume of India currency, in relation to commodities and transactions, with respect to which there seems reason to suppose that the rupee in India still retains its former value; and with a balance of trade* always so largely in her favour as almost to preclude the probability of her being obliged to export specie, there is every reason to think that, if she were to pursue the policy of the United States on resuming specie payments, or of the Netherlands in 1875, by adopting a gold standard, and restricting or suspending the coinage of silver, she could in a few years obtain a supply of gold sufficient for all purposes of her currency as a standard of value. This has been estimated at 60,000,000*l.*, but whatever it might be, a very much smaller amount per head than in any European country would suffice.

Such a policy would, however, aggravate appreciably the present scarcity of gold, and is, on this account, greatly to be deprecated, so long as it is not indispensable to the vital interests of India.

Thus, although your Lordship in Council was not prepared to authorize us to vote on any proposal in favour of bimetallism, or to hold out any hope of a fundamental change in the monetary system of British India, we were empowered so far to co-operate in promoting the success of the Conference as to engage that, in the event of an international agreement on the part of a certain number of the principal States of the world to maintain the free coinage of silver with full legal tender faculty during a term of years in the ratio of 15½ to 1, the Indian Government will engage to maintain the free coinage of silver with such faculty throughout the Indian Empire.

At the opening sitting on the 12th April, the President, M. Magnin, after tracing the history of the question which we were invited to discuss, described the object of the Conference as follows:—"In order to restore to silver its former value, it is indispensable that it should be, as formerly, freely coined by the side of gold, and as no one state can or will adopt such free coinage alone, a bimetallic international agreement appeared the only remedy. The French and American Governments had, therefore, proposed the Conference, and fifteen States had accepted the invitation."

On this occasion, the several delegates communicated to the Conference the declarations which they were instructed to make in the name of their respective Governments.

These were to the following effect:

M. de Thielmann, on the part of Germany, was authorised to recognise without reserve that the rehabilitation of silver was desirable; that it could be accomplished by the restoration of the free coinage of silver in a certain number of the most populous States represented at the Conference on the basis of a fixed ratio between gold and

* Since 1835 there has been no year in which there has been a net export of specie from India. In 1878-79 there was a net export of gold of 896,173*l.*, and in 1847-48 there was a net export of silver of 494,191*l.*, but never of both metals.

silver, but that, in the advanced stage which had been reached in her recent monetary reforms, his Government was not prepared to adopt so great a change as that involved in this proposition. Nevertheless, the Imperial Government was fully disposed to co-operate towards this end, and was ready to make propositions which may be thus summed up:

1. To arrest the sale of silver during a period of four years, and to limit it for a further period.
2. To replace 5-mark notes by silver.
3. To withdraw 5-mark gold pieces, and substitute silver.
4. To melt and re-coin silver money coined in the ratio of 1 to 14, and replace it by silver money coined in the ratio of 1 to 15½.

Mr. Fremantle, the Delegate of Great Britain, stated the inability of his Government to enter the Conference as supporters of the principle of the double standard, and explained that he had only been sent on the understanding that the Powers represented reserved entire liberty of action. His instructions only authorised him to give and receive information, and did not permit him to vote on the questions under discussion.

Lord Reay, on the part of the Government of India, without adopting the principle of bimetallism, stated that the Secretary of State for India in Council was ready to take into consideration any measures which might be suggested for introduction into India, with a view to the re-establishment of the value of silver.

Sir A. Galt, the Delegate of Canada, although authorised to vote, reserved full liberty of action to his Government on any question submitted to the Conference.

M. Lévy (Denmark) announced the decision of his Government to maintain the single gold standard, and that his instructions precluded him from all discussion of the manner in which a bimetallic system could be regulated.

The Count de San Miguel (Portugal) stated that the monetary system of his country would not permit it to join a bimetallic union, and reserved full liberty of action for his Government. Any opinions which he might express would be purely personal.

M. de Thörner (Russia) said that the object of his Government in sending a delegate was to obtain full information of the views of the several Powers, so as to enable them to consider any resolution which might be adopted. He also reserved full liberty of action for his Government.

M. Brailas (Greece, which had adopted monometallism), was in the same position as the Delegates of Denmark and Portugal.

Count Küfstein (Austria-Hungary) described the attitude of his Government as one of "favourable reserve." Although accepting conditionally the result of the deliberations, Austria could make no engagement whatever.

Dr. Forssell (Sweden) claimed entire liberty of action for his Government as regards their monetary system.

Dr. Broch (Norway) made a similar declaration.

M. Burckhardt-Bischoff expressed the indisposition of the Swiss Government to depart from the arrangements made by the Latin Monetary Convention of 1878, for seven years, and would ask for new instructions from his Government before taking up any position, or coming to a decision as regards any proposals submitted to the Conference.

The Delegates of Belgium, the Netherlands, Italy, and Spain made no declarations, but it was understood that, while the first of these Powers was opposed, the other three were favourable to the objects of the Conference.

In these circumstances it became apparent that the practical interest of the Conference centred in the action of Germany.

It is true that M. Cernuschi, who opened the general discussion which then commenced, in commenting on the declarations, lost no time in expressing the opinion that, without the accession of either England or Germany, the experiment of a bimetallic union could not be made; but we found a strong opinion entertained in other quarters that even without the absolute adhesion of Germany, practical guarantees might be obtained from her, which might be sufficient to ensure its success: at any rate that the question was one which deserved careful inquiry.

From this point of view the Spanish Delegate, M. Moret y Prendergast, proceeded before the close of the sitting to propose an early adjournment to enable the respective Governments to study and examine the propositions of the German Delegates in connexion with the declarations of England, India, and Canada; but the Conference decided to continue the general discussion before putting to a vote the proposal for adjournment.

The "Procès Verbaux" which accompany this Report contain a full account of the debate which then ensued. We must, however, observe that the discussions were necessarily, from their nature, of a mixed character, that is to say, that they were partly practical and partly theoretic. So far as any result could be expected from the Conference in the shape of a formal resolution, this might have been obtained in one sitting, or even without any Conference at all, for each Delegate brought with him distinct instructions as to the course which he was to take on questions submitted to the vote.

It is obvious, therefore, that the object of the Powers convoking the Conference was something more than this; that it was intended that the propositions of France and the United States of America should be the subject of discussion in all their aspects, and that it was useless to enter upon any such discussion without inquiring whether those propositions had any scientific warrant. Except upon the assumption that it is in the power of a combination of States to fix and maintain a ratio between gold and silver coins, or in the belief that this was an open question which it might be useful to discuss, the Conference could have had no meaning.

But, although the scientific soundness or unsoundness of the theory of bimetallism was a necessary element in the discussion, no expression of opinion on this question by individual delegates, or even by the Conference as a whole, if this had been possible, could have had any direct connection with its practical result, which must, in any case, have remained to be determined by considerations of a very different order on the part of the Governments represented.

It was thus that in the course of the debates every shade of opinion was in turn elicited. Doubts were expressed by some, both as to the alleged causes and consequences of the recent monetary disturbances, and also as to the efficiency of the remedy proposed; others admitted the evil, but suggested other remedies; while even among those who agreed both as to the gravity of the disorder and the sufficiency of the remedy, much difference of opinion prevailed in estimating the nature and extent of the concerted action which would be necessary, short of universal agreement, to give it practical effect by bringing about and maintaining a fixed ratio between gold and silver money.

Our position, as Delegates of the Government of India, was a peculiar one. We represented a Government which, while on the one hand excluded (as it was understood) during the abstention of England from any bimetallic union which might be the result of the Conference, and, therefore, from this point of view, scarcely entitled to take an active part in its deliberations, was on the other hand, not only deeply interested in the objects of the Conference, but also, as the only country whose mints were still absolutely free to the coinage of silver, able and ready to offer a substantial contribution to measures of international concert and a solid guarantee of their success.

At this stage of the proceedings, therefore, it appeared to be necessary to direct the attention of the Conference very clearly to the point of view from which the Government of India regarded it. Sir L. Mallet accordingly, after adverting to the exceptional position of the Indian Delegates, claimed for the Government of India the right to represent to the Conference the losses which they had sustained from causes, which were, in a great measure, due to the isolated action of particular States or groups of States, and to express their sympathy with the objects of the inviting Powers in endeavouring to bring about, by international concert, arrangements, which might prevent the operation of similar causes in the future.

To this object India was prepared to contribute by conditional engagements (see p. 11 of this Report), which were important, not only as affording strength and security to any combination which might be formed, but also as an act of international co-operation.

There was nothing before the Conference to show that the situation had changed in any essential respect since the invitations had been issued in February. The difficulties of Germany must have been foreseen, and had not prevented her from offering important practical support to concerted action; the abstention of England was a matter of notoriety, and it was impossible without inconsistency to insist, on the one hand, that India should maintain its silver monometallism, in order to counterbalance the gold monometallism of England, and on the other, that this counterbalance would be of no effect, and that, therefore, the abstention of England and India was incompatible with the practical success of any bimetallic agreement which might be made between other countries.

Lord Reay laid stress on the necessity of establishing an international agreement which should take into account the different systems adopted by different Governments, instead of making a vain attempt to conclude an universal bimetallic union. He observed that, if it was desired to promote the adoption of bimetallism in England, nothing would contribute to this result so much as the proof of its success in other countries. The reluctance of Her Majesty's Government to join a bimetallic union was not due to egotism, or to indifference to the interests of other nations. England had not waited for the co-operation of other States to apply to the commerce of all the world the principles of free trade, in which she believed, and would be the first, if any results were obtained giving greater facilities to international trade, duly to recognise them.

At the close of the general discussion, M. Moret y Prendergast again presented his motion of adjournment, which after some remarks by other delegates, was put to the vote, and carried unanimously, subject to certain reservations on the part of some of the members.

On the re-assembling of the Conference on the 30th June, it was evident that the prospect of any immediate practical result had not improved.

Mr. Thurman, one of the United States Delegates, took an early occasion to address the Conference, and stated with marked emphasis that, in his opinion, his Government would not be a party to any bimetallic union which did not include England or Germany, and that, while admitting the importance of both of the English and German propositions, they were not sufficient, and would not be considered acceptable.

Mr. Pierson made the following declaration on the part of the Netherlands:—

“The Government of the Netherlands is of opinion, like several members of this Conference, that the fall of silver and its great oscillations of value are a great evil.

“It also thinks that the simultaneous and unreserved adoption of the double standard by all the great States of Europe and America would be the true means of remedying that evil.

“It would scarcely hesitate, therefore, to propose to the States-General the re-establishment of the unlimited coinage of silver, at present prohibited, both for our country and for all its colonies, as soon as the double standard system should have been adopted over an area as vast as that which we have just indicated.

“But our Government would not engage to act thus, if that system be established over a more restricted area. As long as it is ignorant what guarantee would be given for fixing, as far as possible, the ratio of value between the two metals, what States would adopt the bimetallic system, and what concessions would be made by the other States for facilitating its success, it is impossible to judge of the advantages and inconveniences there would be for the Netherlands and its colonies in re-establishing the unlimited coinage of silver, and maintaining the legal ratio between that metal and gold, which is now not $15\frac{1}{2}$ but $15\frac{3}{8}$.

“While, however, reserving its entire liberty, the Government of the Netherlands does not peremptorily reject any project of establishing the double-standard system in an area comprising only several great States of Europe and America. Such a project, if proposed at the Conference, would doubtless be taken into very serious consideration by the Netherlands.”

Mr. Seismit Doda, on the part of Italy, said:—

“The Italian Government would be disposed to enter into a league of various States to agree on the limited coinage of silver on the following conditions:—

“1. The Government of the German Empire should engage to suspend the sale of its silver for a term of at least five years, and to replace by silver money the gold 5-mark pieces and its Imperial treasury notes, and it should also admit for silver coins, or at least for those of 5 and 2 marks, the ratio of 1 to $15\frac{1}{2}$, conferring on the silver thus coined the full paying power at present possessed by the thalers.

“2. Her Britannic Majesty's Government should enter into an engagement with the other States to increase the paying power of its silver crowns.

“If these conditions were accepted by Germany and England, Italy might agree with the other States of the Latin Union and with the United States of America in resuming the limited coinage of silver for a term, which should not exceed that fixed for the suspension of the sale of silver by the German Empire.

“The quota of each State in the coinage of silver should be based on a proportion to be established relatively to the population of the States. This quota would be binding upon each State as a minimum, and each State might exceed it on fixing the

rules and special guarantees for a limited mintage, to which individuals and banks of issue should be admitted.

"Italy could in no case enter on the path of the free and unlimited coinage of silver, if Germany and England, or one of them, did not unreservedly adhere to it."

Mr. Fremantle was authorised to make the following communication, which had been made to Her Majesty's Government by the Bank of England in reply to a question which had been addressed to them:—

"The Bank Charter Act permits the issue of notes upon silver, but limits that issue to one fourth of the gold held by the Bank in the issue department.

"The purchase of gold bullion is obligatory and unlimited, the purchase of silver bullion is discretionary and limited, the distinction being enforced by the necessity of paying all notes in gold on demand.

"The reappearance of silver bullion as an asset in the Issue Department of the Bank of England would, as is understood by the Foreign Office letter, depend entirely on the return of the mints of other countries to such rules as would ensure the certainty of conversion of gold into silver and silver into gold. The rules need not be identical with those formerly in force; the ratio between silver and gold and the charge for mintage may, both or either of them, be varied, and yet leave unimpaired the facility of exchange, which would be indispensable to the resumption of silver purchases by a bank of issue, whose responsibilities are contracted in gold.

"Subject to these considerations, the Bank Court are satisfied that the issue of their notes against silver, within the letter of the Act, would not involve the risk of infringing that principle of it, which imposes a positive obligation on the Bank to receive gold in exchange for notes, and to pay notes in gold on demand.

"The Bank Court see no reason why an assurance should not be conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, would be always open to the purchase of silver, under the conditions above described."

Mr. Evarts then read the following Declarations by the Delegates of France and of the United States, in the name of their respective Governments:—

"1. The depreciation and great fluctuation in the value of silver relatively to gold, which of late years have shown themselves, and which continue to exist, have been, and are, injurious to commerce and to the general prosperity; and the establishment and maintenance of a fixed relation of value between silver and gold would produce most important benefits to the commerce of the world.

"A convention, entered into by an important group of States, by which they should agree to open their mints to free and unlimited coinage of both silver and gold, at a fixed proportion of weight between the gold and silver contained in the monetary unit of each metal, and with full legal tender faculty to the money thus issued, would cause and maintain a stability in the relative value of the two metals suitable to the interests and requirements of the commerce of the world.

"Any ratio, now or of late in use by any commercial nation, if adopted by such important group of States could be maintained; but the adoption of the ratio of $15\frac{1}{2}$ to 1 would accomplish the principal object with less disturbance in the monetary systems to be affected by it than any other ratio.

"Without considering the effect which might be produced toward the desired object by a lesser combination of States, a convention, which should include England, France, Germany, and the United States, with the concurrence of other States, both in Europe and on the American continent, which this combination would assure, would be adequate to produce and maintain throughout the commercial world the relation between the two metals that such convention should adopt."

None of these declarations having led to any new point of departure for further debate, and there being a general feeling that no useful purpose could be served by a prolongation of the Conference, the only question which remained was, whether it should be dissolved without any result, or adjourned for a year in order to give time to the different Governments to exchange their views, and possibly to arrive at some understanding which might aid in the solution of the problem on which it had been engaged. The opinion of the Conference having been invited on this question, the proposition to adjourn was opposed by M. Forssell, the Delegate for Sweden, who expressed the opinion that the Conference in closing its labours should adhere to the opinions adopted by the Conference of 1878, as to the necessity of maintaining the monetary function of silver.

This view was, however, strongly contested by M. De Normandie, on the part of the French Delegates, on the ground that it was in no way warranted by the tenor of the

opinions which had been expressed, and the declarations made during the sittings of the Conference, which, on the contrary, fully justified the hope that, by allowing time for diplomatic communications between the Governments and for the full consideration of the important materials for a better understanding of the question which were contained in their proceedings, the Conference might reassemble another year with a prospect of definite results.

We felt it to be our duty, as Delegates of India, strongly to support the latter course. Lord Reay expressed the opinion that the important declarations which had been made were sufficient to prove that the monetary question appertained to the sphere of international action, and afforded full justification of an adjournment to enable the various Governments to exchange their views. He entertained the hope, that at its next meeting the delegates of France and the United States might be able to agree in offering the Conference a programme which would give to its labours a practical direction, rather with a view to discover a basis for an international agreement than to enforce the application of an economic thesis.

The motion for adjournment was ultimately adopted unanimously in the following terms:—

“The Conference, considering that in the course of its two sessions it has heard the speeches, declarations, and observations of the delegates of the States hereafter enumerated—

Germany,	Canada,
Austria-Hungary,	Greece,
Belgium,	Italy,
Denmark,	The Netherlands,
Spain,	Portugal,
The United States,	Russia,
France,	Sweden,
Great Britain,	Norway,
British India,	Switzerland;

“Considering that the declarations made by several of the delegates have been in the name of their Governments;

“That these declarations all admit the expediency of taking various measures in concert, under reservation of the entire freedom of action of the different Governments;

“That there is ground for believing that an understanding may be established between the States which have taken part in the Conference;

“But that it is expedient to suspend its meetings;

“That, in fact, the monetary situation may, as to some States, call for the intervention of governmental action, and that there is reason for giving an opportunity, at present for diplomatic negotiations;

“Adjourns until Wednesday the 12th of April 1882.”

It may be thought premature, before the final stage of its proceedings have been reached, to speak of the results of the Conference of 1881, but it seems at all events desirable to bring into relief, and to record the progress towards international agreement on this important subject since the dissolution of the Conference of 1878.

On that occasion, of the 15 Governments represented, those of the United States of America and Italy alone supported the principle of a bimetallic standard of value, as the basis of an international agreement.

Germany declined all part in the discussion, and the Governments of England and of India, while admitting the inconvenience which had been caused by the disturbances in the relative value of gold and silver, expressed a strong opinion as to the impracticability of establishing a fixed ratio between gold and silver, and were opposed to a system of currency based on a double standard, thus not only refusing to join in any international agreement for such an object, but discouraging it on the part of others; and all the other Powers, with the exception of Austria-Hungary, practically admitted the impossibility of an arrangement on the bimetallic principle, side by side with their declaration that it was necessary to maintain the monetary functions of silver.

In 1881 the position of the 19 Powers represented at the opening of the Conference may be thus summed up.

Of the four great metallic powers of the world; France, the United States of America, Germany, and Great Britain, the two first had already come to an understanding in favour of a bimetallic union.

Germany, which took no part in the Conference of 1878, although unable in her present circumstances to join such an union, nevertheless admitted the importance of

the object, as well as the possibility on the bimetallic principle of obtaining it by international agreement, and was prepared to promote it by important practical measures.

Great Britain, while refusing as in 1878 to accept as a basis for discussion the question of the adoption of a double standard, maintained on this occasion an attitude of neutrality rather than of direct hostility to its adoption by other Powers.

British India, which was separately represented at the Conference of 1881, although her adhesion to a bimetallic union was not sought during the abstention of Great Britain, was prepared without recognising its principle, to co-operate in its promotion by the offer of important practical assistance.

Italy, Spain, and the Netherlands were favourable to the proposals.

Belgium and Switzerland were unfavourable, but, as members of the Latin Union, would probably reconsider their position in the event of an ultimate agreement among the leading Powers.

The Scandinavian Union, Portugal, and Greece were still absolutely opposed to the double standard.

Russia and Austria-Hungary still having an inconvertible paper currency, were unprepared for immediate resumption of specie payments.

Scarcely less important than the altered attitude of some of the Governments represented, as regards the principles of a bimetallic union, was the formal acceptance by the delegates of the United States, in the declarations made at the last sitting, of the European ratio of $15\frac{1}{2}$ to 1 instead of the American ratio of 16 to 1, for the purpose of an international agreement.

After this declaration on the part of the United States delegates, and the recognition of the same ratio by the Government of India in the conditional engagement which they made to the Conference, it may be hoped that a difficulty which might have proved serious has been removed from the course of future negotiations.

It only remains to consider whether there is any prospect of such a change in the attitude of the respective Powers, due either to diplomatic action on the part of the Governments or to any other cause, as will enable the Conference to reassemble in April 1882, with any reasonable hope of a practical result.

To obtain information on this question your Lordship instructed Lord Reay to make confidential inquiries at Paris, Vienna, and Rome as to the steps, if any, which might have been taken by the French, the Austro-Hungarian, and the Italian Governments to secure that, at the next meeting of the Conference, definite proposals should be brought before it. It appears from these inquiries that negotiations are going on, and, although it would be premature to enter into further details while they are pending, it is not unlikely that such negotiations will lead to proposals aiming at the restoration of silver, if not on the footing of free coinage, still on a limited scale, the Governments represented at the Conference being each invited to take their share of an increased coinage of silver.

In conclusion, we are of opinion that, as the adoption of bimetallism by England or India appears at present to be out of the question, it is unnecessary for us on this occasion to express any opinion on its abstract principle; and that the immediate question for consideration in the most urgent interests of British India is to what extent and in what manner Her Majesty's Government may be prepared to aid in the promotion of any measures proposed by the other Powers, which, although falling short of the conditions attached to the proposal* we were authorised to make to the Conference by your Lordship in Council, are nevertheless of a kind to ensure the increased use of silver as money.

That an international agreement with regard to what has been termed a system of "silver contingents" would produce this result, and that it would be deserving of your Lordship's support and co-operation, we cannot doubt. Whether it would ultimately lead to a complete reopening of the various mints to the free coinage of silver is a matter which need not be affirmed or denied.

It seems sufficient for the present to admit that such a measure would materially improve the value of silver, and that it would exclude the immediate adoption of a universal gold standard, repudiated by the Conference of 1878, certainly not favoured by the proceedings of that of 1881, and not desirable in the general interests of the world.

(Signed) LOUIS MAILLET.
REAY.

14th February 1882.

* *Vide* page 11.

APPENDIX A.

STATEMENT OF BIMETALLIC THEORY.

1. If the only demand for any two commodities which are required for the same purposes, and serve the same function, is subject to the condition that they shall exchange in a fixed ratio, one to the other, so long as the supply of both continues, they must exchange in that ratio, or not at all.

2. Bimetallism is the application of this principle to gold and silver when used as standard coins of the realm.

3. Such gold and silver coins are only in demand for the purposes of exchange, *e.g.*, the purchase of other commodities, the payment of labour, or the liberation of debt. Both gold and silver coins equally serve for any of these functions, and they are only available for such purposes because Governments give them currency as legal tender, and affix to them a stamp, which is accepted as a guarantee of their being of a certain weight and fineness.

4. If, therefore, all Governments agree to establish and enforce a fixed ratio between gold and silver in the form of coined money, such gold and silver coins, if they exchange at all, must exchange in that ratio.

5. For if, with $15\frac{1}{2}$ or any other number of ounces of silver coins, the same exchanges can be made, or the same debts discharged, as with 1 ounce of gold coins, or *vice versa*, that metal will inevitably be preferred which can be obtained at the least cost. If, therefore, the relative value of the two metals varies from that ratio, a double process will be set in motion. On the one hand any addition to the metallic currency will be made in the metal which can be obtained at the least cost; and on the other the coins of the dearer metal already in circulation will be melted down, until the price of the bullion has reached the same level as the coin.

6. This process could only terminate in one of two ways. Either the increased demand for the cheaper, and the lessened demand for the dearer metal, would proceed until the latter has been driven and kept out of circulation, thus escaping altogether from the control of Governments, or the value of the first will rise and that of the latter fall, until the equilibrium is restored, *i.e.*, until (in the case supposed) $15\frac{1}{2}$ oz. of silver coin will exchange again, by the adjustment of supply and demand, exactly for one ounce in gold coin.

7. The first is an extravagant hypothesis, for such a result could only be brought about by the subversion of all the conditions which have hitherto governed the production of the precious metals, or by the adoption of a ratio, such, for instance, as 1 to 1, which would entirely defeat the purpose of a double standard, and could therefore never be proposed by its advocates; but, even if admitted as a conceivable possibility, it could not be urged by monometallists as an objection to the adoption of bimetallism, as it would then directly lead to the universal use of a monometallic standard in the monetary system of the world.

8. For it must be borne in mind that, under a system of free vintage, the market price of gold and silver bullion must always be the same as their mint price, plus or minus the cost of coinage.

So long, therefore, as both gold and silver coins are in circulation and therefore, "*ex hypothesi*," necessarily exchangeable in the ratio of $15\frac{1}{2}$ to 1, so long must the relative value of the gold and silver bullion be also in the ratio of $15\frac{1}{2}$ to 1.

9. But the latter alternative is the only one, it is urged, which deserves practical consideration, and, if so, it appears to follow that the only possible divergence from the fixed ratio in the value of the two metals, so long as they are used as coin, would be within the narrow limits of the cost of coinage and melting, as well as of the charges of transport from one market to another.

10. In reply to the objection that this theory rests upon an inadmissible assumption, *viz.*, an universal agreement among nations, it is urged that, if universal agreement is impossible, it is also unnecessary. All that is needed for the success of the policy is that an union shall be maintained on a sufficiently large scale to neutralize the operation of the so-called "*Gresham law*," and ensure the constant and certain presence of both gold and silver in the currency, so that there could be no cheaper or dearer metal.

11. It can hardly be doubted that an union of the four great States, England, France, including the Latin Union, Germany, and the United States of America, would more than suffice for such a purpose. But, if this is questioned, it must, at least, be admitted that, as such a combination would include all the important States with a gold standard, no increase in the supply of silver could drive out the gold coinage (for where could it be driven?): while, on the other hand, the expulsion of silver by gold could only arise from such an increase in the supply of the latter as would provide the union with a sufficient basis for a single gold standard. The bimetallic system could, therefore, in this case, only fail from causes which would obviate the main practical evils of monometallism.

L. M.

APPENDIX B.

STATEMENT showing the Net Imports of Silver into British India, and the Value of Silver coined at the Indian Mints, from the years 1850-51 to 1880-81.

Year.	Net Imports of Silver.	Value of Silver Coined.
	£	£
1850-51	2,117,225	2,616,417
1851-52	2,865,357	4,248,491
1852-53	4,605,024	5,509,965
1853-54	2,805,744	5,253,437
1854-55	29,600	1,365,901
1855-56	8,194,375	6,973,659
1856-57	11,073,247	10,779,286
1857-58	12,218,948	12,551,308
1858-59	7,728,342	6,542,267
1859-60	11,147,563	10,677,924
1860-61	5,328,009	5,192,328
1861-62	9,086,456	7,070,830
1862-63	12,550,155	9,251,468
1863-64	12,796,719	11,477,425
1864-65	10,078,798	10,358,423
1865-66	18,668,673	14,507,049
1866-67 (11 months)	6,963,074	6,118,857
1867-68	5,593,961	4,313,285
1868-69	8,601,022	4,207,031
1869-70	7,320,337	7,473,560
1870-71	941,937	1,718,197
1871-72	6,512,627	1,690,394
1872-73	704,644	3,980,927
1873-74	2,451,383	2,370,013
1874-75	4,642,202	4,896,884
1875-76	1,555,355	2,550,218
1876-77	7,198,872	6,271,122
1877-78	14,676,335	16,180,326
1878-79	3,970,694	7,210,770
1879-80	7,869,743	10,250,000
1880-81	3,892,574	4,153,174

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INTERNATIONAL MONETARY CONFERENCE

RETURN to an Order of the Honourable The House of Commons,
dated 18 July 1881;—for,

COPY "of CORRESPONDENCE between the FOREIGN OFFICE, the TREASURY, the BANK OF ENGLAND, and the INDIA OFFICE, on the subject of the International Monetary Conference lately sitting in Paris."

No. 1.

FOREIGN OFFICE to TREASURY.*

SIR,

Foreign Office, March 1, 1881.

I AM directed by Earl Granville to transmit to you, to be laid before the Lords of the Treasury, notes from M. Challe-mel-Lacour and Mr. Lowell, conveying an invitation from the Governments of France and the United States to Her Majesty's Government to take part in a monetary conference, which is to meet at Paris on the 19th of next month.

The object of the Conference is explained in the memorandum enclosed in these notes, and you will perceive that an early answer is asked for.

I am accordingly to request that you will move their Lordships to cause Lord Granville to be informed what answer should be returned to these communications.

I am to add that a similar letter has been addressed to the India Office, and I would suggest that, if necessary or expedient, their Lordships should communicate on the subject direct with that department.

The Secretary to the Treasury.

I am, &c.
(Signed) CHARLES W. DILKE.

Enclosure in No. 1.

Mr. LOWELL to EARL GRANVILLE. (Received February 28.)†

Legation of the United States, London,
February 26, 1881.

MY LORD,

I HAVE the honour to transmit to you, by order of my Government, a note designed to bring about the meeting of a Monetary Conference at Paris on the 19th April, 1881. Recommending to your attention the object of the accompanying note, I beg you, my Lord, to have the goodness to make known to me as soon as possible the answer of the Government of Her Majesty to this communication, the importance of which it cannot fail to appreciate.

I have, &c.
(Signed) J. R. LOWELL.

* Also addressed to the India Office.

† A note in similar terms was received from the French Ambassador.

Sub-Enclosure in No. 1.

NOTE addressed to the BRITISH GOVERNMENT by the GOVERNMENTS OF FRANCE and the UNITED STATES.

February 26, 1881.

THE Government of the Republic of France and the Government of the United States having exchanged views upon the subject of a Conference between the Powers principally interested in the question of establishing internationally the use of gold and silver as bi-metallic money, and securing fixity of relative value between these metals, and finding themselves in accord as to the usefulness and importance of such a Conference and as to the time and place at which the same should be held, have the honour now to invite the Government of Great Britain to take part in a Conference, by such delegates as each Government may appoint, to be held at Paris on Tuesday, the 19th day of April next, to consider and adopt, for presentation to the Governments so represented, for their acceptance, a plan and system for the establishment by international convention of the use of gold and silver as bi-metallic money, at a fixed relative value between those two metals.

No. 2.

INDIA OFFICE to FOREIGN OFFICE.

Sir,

India Office, March 8, 1881.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 1st instant, on the subject of a proposed International Monetary Conference, to meet at Paris on the 19th April next, for the purpose of examining and adopting, with the view of its submission to the several Governments represented, a plan for the establishment, by international convention, of the use of gold and silver as bimetallic money, on a fixed relative value between the two metals.

In reply, I am desired to state that, without knowing the system which the foreign Governments may think of adopting, and without ample time for obtaining the opinion of the Governor General of India in Council on so important a question, the Marquis of Hartington is unable to assent to that Government being pledged to adopt the principle of bimetallism.

It does not appear to Lord Hartington that, for the object proposed, there is any necessity that a Government which is now using a silver standard only, should adopt a bimetallic standard.

Lord Hartington deems it, however, of great importance that the interests of India should be represented in a Conference having for its object the means of restoring silver, in some degree at any rate, to its former value; and he desires me to suggest, for the consideration of Earl Granville, whether it might not be possible to obtain from the Governments convening the Conference, a modified invitation to Her Majesty's Government to send delegates instructed to report on the extent to which it may appear possible that the measures which the Conference may decide to recommend would be forwarded by any action on the part of the Government of India, and, if the Lords Commissioners of Her Majesty's Treasury would consent, on the part of the British Government also.

I have, &c.
(Signed) T. L. SECCOMBE.

The Under Secretary of State
for Foreign Affairs.

No. 3.

TREASURY to FOREIGN OFFICE.

SIR,

Treasury Chambers, March 11, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Earl Granville, that they have given their most respectful consideration to the notes from M. Challemeil-Lacour and Mr. Lowell, which accompanied your letter of the 1st instant, inviting Her Majesty, on the part of the Governments of France and of the United States, to assist at a Monetary Conference which is to begin its deliberations at Paris on the 19th April next.

It would be a source of satisfaction to Her Majesty's Government to join in any inquiry to which the Governments of France and the United States attach importance; but my Lords must point out that changes in monetary policy, affecting, as they do, the daily transactions of every class of the community, are of so grave a character that they ought not to be discussed unless there be reasonable ground for anticipating a practical result. Her Majesty's Government, therefore, before accepting the invitation, should consider whether the objects for which the Conference is summoned, as stated in the invitation, accord so far with the known policy of the United Kingdom as to afford ground for concerted action.

The Secretary of State is aware that the United Kingdom has, since 1816, or a period of more than sixty years, confined itself to a single standard of value—gold. The policy of a single standard has been accepted by Governments of all parties and by the people.

It has never, in fact, been seriously attacked, and it may generally be said that both Government and people are satisfied with the operation, in the United Kingdom, of a measure which has approved itself to them by long experience. An entire change in public opinion must take place before a change of monetary policy in this country could be seriously contemplated. Such change of opinion has, as far as my Lords can judge, not taken place, and Her Majesty's Government, therefore, could not undertake in conference to assent, on behalf of the United Kingdom, to the principle of a double standard.

Her Majesty's Government should then consider whether the terms of the invitation would limit their freedom of action, or pledge them beforehand to a certain line of policy. The Conference is to "consider and adopt for presentation to the Governments so represented, for their acceptance, a plan and system for the establishment, by international convention, of the use of gold and silver as bi-metallic money, at a fixed relative value between those two metals."

It appears to my Lords that an invitation so worded does pledge Her Majesty's Government beforehand to the principle of a double standard. Her Majesty's Government are not in a position to adopt, or to pledge the country to adopt, within the United Kingdom, the use of gold and silver as bi-metallic money, and there would thus appear to be no place for a representative of the United Kingdom at the approaching Conference, if the members of the Conference have only to consider a foregone conclusion.

It would, indeed, be scarcely consistent with the respect due to two friendly Governments if Her Majesty's Government were to accept the invitation without previous interchange of frank explanations, and without making the position of this country clear to the Powers which invite its co-operation.

If the Governments of France and the United States were, on learning the objections of Her Majesty's Government, to enlarge the scope of the Conference, and were to invite the representatives of the Powers to attend it uncommitted to any given principle, the case would be altered, and Her Majesty's Government might, in deference to the wishes of the two Governments, reconsider their decision.

But, as the matter now stands, my Lords can only advise the Secretary of State to lay before the Governments of France and the United States the reasons which induce Her Majesty's Government to think that their acceptance of the proposal in its present form would not be attended by any useful result, and that the practical object of the Conference would be rather hindered than promoted by the presence of representatives of the United Kingdom at its deliberations.

My Lords are anxious to confine their recommendations to the action of Her Majesty's Government so far as the United Kingdom is concerned. Her Majesty's Indian Empire is differently situated; and it is possible that the Secretary of State in Council of India might not entertain the same objections to the Conference as proposed, and might be willing, therefore, on behalf of India, to accept the invitation.

The Under Secretary of State
for Foreign Affairs.

I am, &c.
(Signed) F. CAVENDISH.

No. 4.

FOREIGN OFFICE to TREASURY.*

SIR,

Foreign Office, March 22, 1881.

I AM directed by Earl Granville to inform you that his Lordship communicated to the Representatives of France and the United States at this Court the substance of your letter of the 11th instant; and I am now to transmit to you, to be laid before the Lords of the Treasury, a copy of a reply which has been received from Mr. Lowell explanatory of the terms of the invitation to Her Majesty's Government to take part in the proposed Monetary Conference.

The Secretary to the Treasury.

I am, &c.
(Signed) CHARLES W. DILKE.

Enclosure in No. 4.

Mr. LOWELL to Earl GRANVILLE. (Received March 22.)

MY LORD,

Legation of the United States, London, March 21, 1881.

REFERRING to your Lordship's notes of the 11th and 12th instant, in relation to the proposed Monetary Conference to be held at Paris on the 19th April, I have the honour to acquaint you that I received on Saturday, the 19th, a telegraphic communication from the Secretary of State, Mr. Blaine, to the following effect:—

"The two Governments of France and the United States, in answer to the request of the British Government for explanation, do now declare that, in their opinion, the Powers to be represented at the Monetary Conference reserve entire liberty of action after the discussion."

Mr. Blaine adds:—

"The meaning is that Great Britain, in sending Representatives to the Conference on the invitation already extended, does not make any committal to any course of action, nor in any way embarrass perfect liberty of ultimate decision by her own Government."

I have, &c.
(Signed) J. R. LOWELL.

No. 5.†

FOREIGN OFFICE to TREASURY.

Foreign Office, March 26, 1881.

SIR CHARLES DILKE presents his compliments to the Secretary to the Treasury, and with reference to his letter of the 22nd instant, is directed by Earl Granville to forward herewith a further note from the French Ambassador upon the subject of the Monetary Conference at Paris.

* Also to the India Office.

† Also addressed to India Office.

Enclosure in No. 5.

M. CHALLEMEL-LACOUR to EARL GRANVILLE.—(Received March 25.)

M. LE COMTE,

Londres, le 24 Mars, 1881.

Je n'ai pas manqué de transmettre à mon Gouvernement les observations contenues dans les deux lettres que vous m'avez fait l'honneur de m'adresser les 11 et 12 de ce mois, en réponse à la note que nous vous avons remise, M. le Ministre des Etats-Unis et moi, et dont l'objet était d'inviter le Gouvernement de la Reine à prendre part à la prochaine Conférence Monétaire de Paris. Il résultait de ces deux lettres que, tout en étant disposé à se faire représenter à cette réunion internationale, le Gouvernement Britannique entendait réserver son entière liberté quant à l'acceptation du double étalon et semblait même désireux de recevoir sur ce point quelques éclaircissements.

Je suis en conséquence autorisé à adresser à votre Excellence la note ci-jointe que mon Gouvernement vient de m'envoyer.

Veillez, &c.
(Signé) P. CHALLEMEL-LACOUR.

Enclosure in No. 5.

NOTE addressed to the BRITISH GOVERNMENT by the GOVERNMENTS of FRANCE and the UNITED STATES.

NOTE.—Les deux Gouvernements Français et Américain, répondant à la demande d'éclaircissements du Gouvernement Britannique, expliquent que, dant leur pensée, les Puissances qui se feraient représenter à la Conférence conserveraient, après les discussions qui y auraient lieu, toute leur liberté d'action.

No. 6.

TREASURY to FOREIGN OFFICE.

(5375.)

SIR,

Treasury Chambers, March 31, 1881.

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 22nd instant, enclosing a copy of a letter from the United States Minister at this Court further upon the subject of the approaching Monetary Conference.

My Lords note Mr. Secretary Blaine's statement that, in the opinion of the Governments of France and the United States, the powers to be represented at the Conference reserve entire liberty of action after the discussion. They note also Mr. Blaine's explanation that "the meaning is that Great Britain, in sending representatives to the Conference on the invitation already extended does not make any committal to any course of action nor in any way embarrass perfect liberty of ultimate decision by her own Government."

Her Majesty's Government would be willing, out of desire to meet the wishes of the two Governments, to accept their invitation, if by so doing they could promote useful inquiry; but, my Lords regret to say that they could not advise such acceptance so long as the object for which the Conference is to be held is limited by the terms of the invitation of the 26th February. If the invitation were accepted the representatives of the United Kingdom would take part in a conference "to consider and adopt for presentation to Her Majesty's Government for acceptance a plan and system for the establishment by international convention of the use of gold and silver as bi-metallic money, at a fixed relative value between those two metals." My Lords are decidedly of opinion, as

they have stated in their letter of the 5th instant that, under existing circumstances, no change of monetary policy can be seriously contemplated in this country.

Although, therefore, Her Majesty's Government might be understood to reserve perfect liberty of ultimate decision upon the scheme so presented for their acceptance, my Lords cannot but think that the representatives of this country would be entirely out of place at a conference engaged in devising a plan for establishing a double standard of value by international convention.

If, however, Lord Granville should desire to show a mark of interest in the inquiry to which the Governments of France and the United States attach so much importance Her Majesty's Government might perhaps send a Delegate to assist at the meetings of the Conference, to be a medium of communication with them, and to afford information which the Conference may require but with no power of voting. It would be necessary, of course, that the terms of invitation and acceptance should be carefully drawn, so as to leave no doubt as to the position of the delegate of the United Kingdom.

The Government of India might also be represented at the Conference; but as India is more directly interested in the question of the value of silver than this country the terms on which a representative of the Government of India might take part in the proceedings of the Conference should be separately considered by the Secretary of State for India in Council.

Sir Charles Dilke, Bart, M.P.,
Foreign Office.

I am, &c.
(Signed) F. CAVENDISH.

No. 7.

TREASURY to INDIA OFFICE.

(5375/81.)

SIR,

Treasury Chambers, March 31, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of the Secretary of State for India in Council, copy of a letter of this day's date, which my Lords have caused to be addressed to the Foreign Office, with further reference to the International Monetary Conference.

The Under Secretary of State,
India Office.

I am, &c.
(Signed) F. CAVENDISH.

No. 8.

FOREIGN OFFICE to INDIA OFFICE.

SIR,

Foreign Office, April 2, 1881.

WITH reference to my letter of the 22nd instant, I am directed by Earl Granville to forward herewith, for the information of the India Office, a copy of a letter from the Treasury upon the subject of the proposed Monetary Conference at Paris, and I am to request that, in laying this communication before the Secretary of State for India in Council, you will move his Lordship to acquaint Earl Granville with his opinion as to the general question of the acceptance of the invitation to the Conference, and in particular with respect to the last paragraph of the Treasury letter which refers to the Government of India alone.

The Under Secretary of State,
India Office.

I have, &c.
(Signed) CHARLES W. DILKE.

No. 9.

FOREIGN OFFICE to INDIA OFFICE.

SIR,

Foreign Office, April 4, 1881.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Secretary of State for India, a copy of a Despatch, No. 24, from Her Majesty's Minister at Washington reporting a conversation with Mr. Blaine upon the subject of the Monetary Conference at Paris.

I have, &c.

(Signed) JULIAN PAUNCEFOTE.

The Under Secretary of State,
India Office.

Enclosure in No. 9.

MY LORD,

Washington, March 21, 1881.

ON the 15th instant Mr. Blaine sent me a request to call upon him at the State Department. On my arriving there, I found my French colleague, who had also been invited to attend.

Mr. Blaine then told us that Her Majesty's Government had hesitated to accept the joint invitation addressed by the United States and France to Great Britain, to take part in the Monetary Conference to meet at Paris on the 19th April, grounding its objection upon the previous consent which the wording of the invitation involved, to the adoption of the principle of bimetallism. Mr. Blaine then said that this feature in the text of the invitation had already struck him, and that he thought that its terms might be so changed as to induce Her Majesty's Government to send a delegate to the Conference. Monsieur Outrey expressed the same view, but I said that I was unable to give any opinion upon the subject, because I had received no instructions from your Lordship with regard to it. Mr. Blaine then agreed with Monsieur Outrey that they would meet again the next day for the purpose of considering what change could be made in the form of the invitation, and I understand that a proposal has since been made by telegraph to the French Government in that sense, though I have not been made acquainted with the exact words of the proposed alteration.

Mr. Blaine at the same interview stated that Her Majesty's Government had suggested the expediency of admitting delegates from the Indian empire to the Conference, to which he believed the United States Government would have no objection; but he asked me whether I thought that Her Majesty's Government would dislike a delegate being sent also by Canada, whose monetary relations with this country were so intimate. I replied that, without knowing the views of Her Majesty's Government, I should imagine that it would not object to such a request from the United States.

I have, &c.

(Signed) EDWARD THORNTON.

The Earl Granville, K.G., &c.

No. 10.

INDIA OFFICE to TREASURY.

MY LORD,

India Office, S.W., April 6, 1881.

IN reply to your letter of the 31st ultimo, forwarding a copy of a letter addressed to the Foreign Office regarding the proposed International Monetary Conference, and with special reference to the closing paragraph of the latter communication, I am directed by the Secretary of State for India in Council to transmit for the information of the Lords Commissioners of Her Majesty's Treasury a copy of a letter which has been this day addressed to the Foreign Office on the subject.

I have, &c.

(Signed) T. L. SECCOMBE.

The Secretary, Treasury.

Enclosure in No. 10.

Sir T. SECCOMBE to Sir C. DILKE. (Received April 6.)

SIR,

India Office, April 6, 1881.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 22nd ultimo, transmitting a copy of a letter from the Representative of the United States in this country, explanatory of the terms of the invitation to Her Majesty's Government to take part in the proposed Monetary Conference.

Mr. Lowell states that he has received from the Secretary of State, Mr. Blaine, a telegram to the following effect:

"The two Governments of France and the United States, in answer to the request of the British Government for explanation, do now declare that, in their opinion, the Powers to be represented at the Monetary Conference reserve entire liberty of action after the discussion;" and that Mr. Baine adds: "The meaning is that Great Britain, in sending Representatives to the Conference on the invitation already extended, does not make any committal to any course of action, nor in any way embarrass perfect liberty of ultimate decision by her own Government."

The letter from the French Ambassador, which accompanied your note of the 26th ultimo, was to the same effect."

Your letter of the 2nd April, forwarding a copy of one received from the Treasury, had also been laid before the Marquis of Hartington, as well as that dated the 4th instant, transmitting a despatch from Her Majesty's Minister at Washington.

The Secretary of State in Council is glad to observe, from the explanations which have been furnished, that, in sending a Delegate to the Conference, he would not be held to commit the Government of India to the adoption of the principle of the bi-metallic system in India. He is unwilling to encourage an expectation of any material change at present in the monetary policy of India, and cannot therefore send a Delegate on the part of India authorised to vote on any question of the adoption of the bi-metallic principle.

With the foregoing reservation, however, he would be willing favourably to consider any measures which might be suggested for adoption in India as being calculated to promote the re-establishment of the value of silver; and he will, accordingly, send a Delegate to the Conference, if he can receive an assurance that the invitation may be so understood as to admit of his attendance for that purpose.

I have, &c.

(Signed) T. L. SECCOMBE.

No. 11.

FOREIGN OFFICE to TREASURY.

SIR,

Foreign Office, April 7, 1881.

I AM directed by Earl Granville to state to you, for the information of the Lords Commissioners of the Treasury, that his Lordship caused your letter of the 31st ultimo, upon the subject of the proposed Monetary Conference, to be forwarded to the Secretary of State for India in Council for any observations his Lordship might desire to offer thereon on behalf of the Government of India.

I am now to inclose a copy of the reply received from the India Office, together with a copy of an identical note which Lord Granville has addressed to M. Challengel-Lacour and Mr. Lowell, conveying the substance thereof.

I am, &c.

The Secretary to the Treasury.

(Signed) CHARLES W. DILKE.

No. 12.

FOREIGN OFFICE to TREASURY.

SIR,

Foreign Office, April 12, 1881.

WITH reference to your letter of the 31st ultimo, and to the letter from this Department of the 7th instant, I am directed by Earl Granville to request you to state to the Board of Treasury that his Lordship is of opinion that, under all the circumstances,

it may be advisable to send a Delegate to represent the United Kingdom at the approaching Monetary Conference at Paris, on the understanding that he is to be merely a medium of communication, and to afford information which the Conference may require, but with no power of voting; and also that his attendance would not be construed as involving Her Majesty's Government in the acceptance of any particular scheme which may be submitted to the Conference.

I am accordingly to enclose a draft of a note to this effect, which his Lordship proposes, with their Lordships' concurrence, to address to the French and United States' Representative at this Court; and I am to request that you will move the Board of Treasury to inform Lord Granville at their earliest convenience whether they agree to its terms, and if so, to take such steps as may be necessary for the selection of a British Representative.

I am, &c.

The Secretary to the Treasury.

(Signed) CHARLES W. DILKE.

P.S.—I am to add that Sir A. Galt is in communication with the Dominion Government as to the expediency of sending a representative of the Canadian Government.

C. W. D

Enclosure in No. 12.

DRAFT OF LETTER to M. CHALLEMEL-LACOUR as amended by the Treasury.*

M. L'AMBASSADEUR,

Foreign Office, April , 1881.

IN my note of the 7th instant, I had the honour to acquaint your Excellency with the conditions upon which Her Majesty's Secretary of State for India would be prepared to send a Delegate to represent India at the approaching Monetary Conference at Paris; and I beg leave now to state that although Her Majesty's Government are unable for the reasons already stated to assist in the preparation of a plan for establishing a double standard of value by International Convention, they are not unwilling, if the Governments of France and the United States desire it, to send a Delegate upon the following understanding.

The Delegate of Her Majesty's Government would assist at the meetings of the Conference solely in order to be a medium of communication, and to afford information which the Conference may require, but with no power of voting.

If the attendance of a Delegate from the United Kingdom upon these terms would be acceptable to your Government, I have the honour to request that your Excellency will inform me to that effect at your earliest convenience, in order that the necessary arrangements may be made without delay.

I have, &c.

No. 13.

FOREIGN OFFICE to INDIA OFFICE.

SIR,

Foreign Office, April 12, 1881.

WITH reference to your letter of the 6th instant, I am directed by Earl Granville to state to you, for the information of Her Majesty's Secretary of State for India, that his Lordship has acquainted the French and United States representatives at this Court with the conditions upon which a delegate to represent the Government of India would be sent to attend the approaching Monetary Conference at Paris.

No reply has as yet been received to this communication, but Lord Granville will not fail to apprise the Marquis of Hartington with its tenour at the earliest possible moment.

In the meanwhile his Lordship is of opinion that it would be desirable to send a representative of the United Kingdom to attend the Conference, on the conditions that he is to be merely a medium of communication, and to afford any information which may be required, without any power of voting; and that his presence must not be construed as involving Her Majesty's Government in the acceptance of any particular scheme which may be brought before the Conference.

* Also addressed to Mr. Lowell.

A draft in this sense addressed to the French and United States representatives at this Court has accordingly been prepared, and sent to the Board of Treasury for their concurrence.

I am to add that Sir A. Galt is in communication with the Dominion Government as to the expediency of sending a representative of the Canadian Government.

I am, &c.
(Signed) T. V. LISTER.

The Under Secretary of State for India.

No. 14.

(6,998/81.)

TREASURY to FOREIGN OFFICE. (Received April 14.)

SIR,

Treasury Chambers, April 13, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 12th instant, inclosing a draft note which Earl Granville proposes to address to the French and United States' Representatives at this Court on the subject of the representation of the United Kingdom at the approaching Monetary Conference at Paris.

In reply, I am to request you to inform Earl Granville that my Lords would prefer the inclosed form of the proposed note, as being less open to misconstruction; and, if he concurs, they would be glad that it should be communicated to the Governments concerned as soon as possible.

My Lords will proceed to take the necessary steps for the nomination of a Representative of this country on the terms specified in the note.

The Under Secretary of State
for Foreign Affairs.

I am, &c.
(Signed) JAMES H. COLE.

No. 15.

FOREIGN OFFICE to TREASURY.

SIR,

Foreign Office, April 18, 1881.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a Despatch as marked in the margin upon the subject of the Monetary Conference to be held in Paris.

The Secretary to the Treasury.

I am, &c.
(Signed) T. V. LISTER.

Enclosure in No. 15.

Lord LYONS to Earl GRANVILLE. (Received April 18.)

(No. 147. Commercial.)

MY LORD,

Paris, April 17, 1881.

HAVING received your Lordship's telegram inquiring whether the Monetary Conference was to meet here on the 19th instant, I sent to-day to ask the Minister of Finance if there was any question of postponing the meeting.

His Excellency said that the meeting would take place on that day as originally fixed, but that it would, in all probability, only be *pro forma*, as the Italian Delegates had not yet been definitely appointed, and the regular proceedings could scarcely be conducted in their absence. The Conference would be opened and the course of business perhaps settled, and then it would most likely be adjourned, he hoped, for ten days or so, as he was himself anxious to leave Paris in order to attend the Conseil Général of his Department.

His Excellency proceeded to say that if the English Delegates were not present at the opening it would not practically matter; they would be gladly received later. Nor would any reserves under which they might come give rise to difficulty, as the Conference was to meet for discussion, and not for registering any foregone conclusions, none of its members being bound by special conditions.

I have, &c.
(Signed) LYONS.

No. 16.

(7143/81.)

TREASURY to FOREIGN OFFICE. (Received April 21.)

SIR,

Treasury Chambers, April 21, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to inform the Secretary of State that, in compliance with Lord Granville's recommendations conveyed in Mr. Lister's letter of the 12th instant, and with reference also to your further letter dated the 18th instant, they agree to the appointment of a Delegate to attend, on behalf of Her Majesty's Government, the Monetary Conference about to take place at Paris.

It is understood that the gentlemen so appointed will report the proceedings of the Conference to Her Majesty's Government, and will obtain for the Conference any information which may be required. It will be his duty to inform the Conference that Her Majesty's Government cannot undertake to propose the adoption of the principle of a double standard of value in the United Kingdom, and that he has therefore no authority to vote upon proposals having for their object the establishment of that principle.

If the duties of the Delegate are thus limited, there will be no room for the expression, on his part, of independent opinion, and it would follow that a gentleman should be appointed whose acquaintance with the laws, regulations, and practice of coining in the United Kingdom enables him to afford, in the most complete form, any information for which the Conference may ask.

My Lords would advise, therefore, that the Honourable C. W. Fremantle, Deputy Master of the Mint, should be selected; and on learning that Lord Granville approves the selection, they will instruct Mr. Fremantle to enter into communication with the Under Secretary of State.

They will, at the same time, submit to the Secretary of State a draft of instructions for the guidance of the Delegate of Her Majesty's Government. It appears to them that those instructions may be of a simple character, as, in case of doubt or of any special question arising, it will be the duty of the Delegate to refer home for orders.

I am also to request that Her Majesty's Ambassador at Paris may be instructed to furnish every assistance to Mr. Fremantle.

The Under Secretary of State
for Foreign Affairs.

I am, &c.
(Signed) JAMES H. COLE.

No. 17.

FOREIGN OFFICE to TREASURY.

SIR,

Foreign Office, April 23, 1881.

IN reply to your letter of the 21st instant, I am directed by Earl Granville to state to you, for the information of the Board of Treasury, that his Lordship agrees to the selection of the Honourable C. W. Fremantle as Delegate on behalf of Her Majesty's Government to attend the Monetary Conference at Paris on the understanding set forth in your letter.

I am to inclose a copy of a note which Lord Granville has in consequence addressed to the French and United States Representatives in London; and I am to add that Her Majesty's Ambassador at Paris has been instructed to procure for Mr. Fremantle all the facilities of which he may stand in need on his arrival in Paris.

I am, however, to point out that no reply has yet been received from the United States' and French Representatives to Lord Granville's inquiry whether the appointment of a British Delegate on these conditions would be acceptable to their respective Governments; but that, as time presses, his Lordship has thought it best to notify the appointment at once, before receiving such reply.

The Secretary to the Treasury.

I am, &c.
(Signed) T. V. LISTER.

Enclosure in No. 17.

Earl GRANVILLE to M. CHALLEMEL-LACOUR.*

M. L'AMBASSADEUR,

Foreign Office, April 21, 1881.

WITH reference to my note of the 14th instant, I have the honour to inform your Excellency that Her Majesty's Government have decided to appoint the Honourable C. W. Fremantle, Deputy Master of the Mint, as Delegate on behalf of the United Kingdom to attend the Monetary Conference at Paris.

I beg leave, however, to state that Mr. Fremantle will attend on the following understanding:—

He is to report the proceedings of the Conference to Her Majesty's Government, and to obtain for the Conference any information which may be required; and it will be his duty to inform the Conference that Her Majesty's Government cannot undertake to propose the adoption of the principle of a double standard of value in the United Kingdom, and that he has therefore no authority to vote upon proposals having for their object the establishment of that principle.

I have therefore the honour to request that your Excellency will be good enough to notify this appointment to your Government, and to take such steps as may be necessary to insure Mr. Fremantle's recognition at the Conference on the understanding specified above.

I am, &c.
(In the absence of Earl Granville),
(Signed) T. V. LISTER.

No. 18.

(7436/81.)

TREASURY to FOREIGN OFFICE. (Received April 27.)

SIR,

Treasury Chambers, April 26, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to request you to inform the Secretary of State that they concur in the terms of the letter which he has addressed to the Representatives of the Governments of France and the United States respecting the nomination of Mr. Fremantle as Delegate from Her Majesty's Government to the Monetary Conference now being held at Paris.

I am to inclose a copy of the instructions which my Lords have drawn up for Mr. Fremantle's guidance, and I am to say that they will be glad to receive without delay Lord Granville's assent or any suggestion or amendment which he may think fit to offer.

As Mr. Fremantle will proceed to Paris immediately, my Lords have communicated to him *ad interim* a copy of the draft instructions.

The Under Secretary of State
for Foreign Affairs.

I have, &c.
(Signed) F. CAVENDISH.

Enclosure in No. 18.

INSTRUCTIONS for the Guidance of Mr. FREMANTLE, as ultimately approved.

1. Mr. FREMANTLE will proceed to Paris as soon as may be convenient.
2. He will understand that he attends the Conference as the delegate of Her Majesty for the United Kingdom alone, as She has appointed other delegates to represent the Dominion of Canada, and is prepared to appoint one to represent the Empire of India.

* Also to Mr. Lowell.

3. He will procure for the Conference any information which they may require on matters concerning the monetary laws and system of the United Kingdom.

4. He will report from time to time, if occasion should arise, the proceedings of the Conference to the Secretary of State, and will call attention to any points occurring in discussion which may, in his opinion, deserve the special or immediate attention of Her Majesty's Government.

5. He will not be at liberty to record his vote on any proposals submitted for the approval of the Conference unless he first receives special authority to do so.

6. If the Conference should formulate a request or suggestion in any way affecting Her Majesty's Government, he will accept such request or suggestion merely for the purpose of referring it to the Secretary of State.

No. 19.

TREASURY to MR. FREMANTLE.

(7436/81.)

SIR,

Treasury Chambers, April 26, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to inform you that they are pleased to nominate you as the Delegate of Her Majesty's Government to the Monetary Conference now commencing its sittings at Paris. I am to communicate to you copy of the correspondence noted in the margin, which has passed between this Board and the Secretary of State upon the subject, and I am also to forward to you for your information, *ad interim*, draft of the instructions to you which they have caused to be prepared, and which they have sent to the Secretary of State for his concurrence, and of which they will send you a copy officially as soon as they receive his reply.

I have, &c.

The Deputy Master of the Mint.

(Signed) F. CAVENDISH.

No. 20.

FOREIGN OFFICE to TREASURY.

SIR,

Foreign Office, April 28, 1881.

I HAVE laid before Earl Granville your letter of the 26th instant, inclosing a copy of the instructions which the Lords Commissioners of Her Majesty's Treasury have drawn up for the guidance of Mr. Fremantle, the Delegate selected to attend the Monetary Conference on the part of Her Majesty's Government.

With regard to the second paragraph of these instructions, I am to request that you will state to their Lordships that as yet the Indian Delegate has not been appointed. The French and United States' Representatives were informed, on the 7th instant, that a Delegate would be sent to represent India at the Conference, on certain conditions, if their respective Governments would accept those conditions, but no answer has yet been received from the United States' Government.

Lord Granville would therefore suggest that paragraph 2 of Mr. Fremantle's instructions should be altered somewhat as marked in the margin of the copy which is herewith returned. In the rest of the instructions his Lordship concurs.

I am, &c.

The Secretary to the Treasury.

(Signed) CHARLES W. DILKE.

Enclosure in No. 20.

Lord LYONS to Earl GRANVILLE. (Received April 28.)

(Telegraphic.)

Paris, April 28, 1881.

THE day for the next full meeting of the Monetary Conference is not yet fixed, but in the meantime a Committee composed of one Delegate from each State is sitting to prepare a programme.

A note accepting the English and Canadian Delegates has been drafted here and telegraphed to Washington for the concurrence of the United States.

No. 21.

(7731/81)

TREASURY to FOREIGN OFFICE. (Received May 3.)

MY LORD,

Treasury Chambers, May 2, 1881.

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury Sir C. Dilke's letter of the 28th ultimo, further respecting the Monetary Conference in Paris; and I am to state in reply that my Lords are willing to adopt the alteration which Earl Granville proposes should be made in paragraph 2 of the draft instructions for the guidance of Mr. Fremantle, the Delegate for the United Kingdom at the Conference, which were enclosed in the letter from this Department of the 26th ultimo, and which are again returned herewith, with the alteration suggested.

I am to add that a copy of these instructions in their final shape, as concurred in by the Secretary of State, have been sent to Mr. Fremantle.

The Under Secretary of State
for Foreign Affairs.

I have, &c.
(Signed) F. CAVENDISH.

No. 22.

(7731/81.)

TREASURY to MR. FREMANTLE.

SIR,

Treasury Chambers, May 2, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith copy of instructions for your guidance, as the Delegate for the United Kingdom at the Monetary Conference in Paris, in their final shape and as agreed to by the Secretary of State for Foreign Affairs.

I am also to transmit to you copy of a telegram from Lord Lyons which has been received from the Foreign Office notifying that the French Government have drafted a note accepting the English and Canadian Delegates, and have telegraphed to ask for the concurrence of the United States.

The Deputy Master of the Royal Mint.

I have, &c.
(Signed) F. CAVENDISH.

No. 23.

FOREIGN OFFICE to TREASURY.

SIR,

Foreign Office, May 2, 1881.

WITH reference to previous correspondence, I am directed by Earl Granville to transmit to you, for the information of the Lords Commissioners of Her Majesty's Treasury, a copy of a note which has been communicated to his Lordship by the French Ambassador at this Court, stating that facilities will be afforded to the Delegates of the United Kingdom, as well as to those of Canada, at the Paris Monetary Conference, the next meeting of which will be held to-morrow, the 3rd instant.

The Secretary to the Treasury.

I am, &c.
(Signed) CHARLES W. DILKE.

Enclosure 1 in No. 23.

M. CHALLEMEL-LACOUR to Earl GRANVILLE. (Received May 2.)

L'AMBASSADEUR de France présente ses compliments à Lord Granville et à l'honneur de lui adresser, en réponse aux lettres qu'il a reçues du Foreign Office en date du 21 et

du 22 Avril dernier, le texte de la note dont le Gouvernement de la République a arrêté les termes avec les Délégués Américains, et à laquelle le Gouvernement Fédéral a donné son assentiment, au sujet de l'admission des Délégués Anglais et Canadiens à la Conférence Monétaire.

Londres, le 30 Avril 1881.

Enclosure 2 in No. 23.

Note.

Le 1^{er} Mai 1881.

LE Gouvernement de Sa Majesté Britannique ayant informé les Gouvernements de la France et des Etats Unis que des Délégués seraient nommés par lui pour assister à la Conférence Monétaire, et les Gouvernements Français et Américain ayant reconnu le droit, pour chaque Etat, de conférer à ses Délégués les pouvoirs qu'il jugerait convenables ; le Gouvernement Britannique ayant, en outre, fait connaître que le Gouvernement du Canada avait choisi deux Délégués ;

Les deux Gouvernements de la France et des Etats-Unis s'empressent d'informer le Gouvernement de Sa Majesté Britannique, que suivant le désir exprimé par Lord Granville, ils ont pris les mesures nécessaires pour faciliter à ces Délégués la mission qui leur a été confiée, et qu'ils seront heureux de les accueillir à la Conférence Monétaire.

No. 24.

FOREIGN OFFICE to INDIA OFFICE.

SIR,

Foreign Office, May 3, 1881.

I AM directed by Earl Granville to transmit to you, to be laid before the Secretary of State, copies of notes from the French and United States representatives, accepting the terms on which Her Majesty's Government proposed to send delegates to represent this country and the Dominion of Canada at the Monetary Conference in Paris, together with a copy of the reply which his Lordship has addressed to them, in which he has pointed out that no answer has been returned to the proposal to send a delegate to represent India.

The Under Secretary of State
for India.

I am &c.

(Signed) CHARLES W. DILKE.

Enclosure 1 in No. 24.

M. l'Ambassadeur,
SIR,

Foreign Office, May 3, 1881.

I HAVE the honour to acknowledge the receipt of your Excellency's [your] note of the 1st instant, informing me of the acceptance by the French and United States [United States and French] Governments of the terms on which it is proposed to send delegates to represent this country and the Dominion of Canada at the Monetary Conference in Paris, and I beg leave to inform you that I have communicated your note to the proper department of Her Majesty's Government.

I have, however, to point out to your Excellency [you] that no reference is made in your note to the delegate whom the Secretary of State for India proposed to send to the Conference, under the reservations stated in my note of the 7th ultimo, and I have the honour to request that you will inform me at as early a date as possible whether the acceptance of your Government is intended to apply to the Indian delegate as well as to those of Great Britain and Canada.

M. Challengel-Lacour.
[Mr. Lowell.]

I have, &c.
(Signed) GRANVILLE.

Enclosure 2 in No. 24.

MY LORD,

Legation of the United States,

London, May 1, 1881.

THE Government of Her Britannic Majesty having made known to the Governments of France and of the United States that delegates would be appointed by Her Majesty's Government to take part in the Monetary Conference, and the French and American Governments having acknowledged the right of each State to confer upon its delegates such powers as it might deem proper, the British Government having further made known that the Government of Canada had chosen two delegates, the two Governments of France and of the United States have pleasure in informing the Government of Her Britannic Majesty that, agreeably to the wish expressed by Lord Granville, they have taken the necessary steps to facilitate these delegates in the performance of the duties which have been confided to them, and will be happy to receive them at the Monetary Conference.

The Right Hon. the Earl Granville.

I have, &c.

(Signed) J. R. LOWELL.

No. 25.

FOREIGN OFFICE to TREASURY.

SIR,

Foreign Office, May 3, 1881.

WITH reference to Lord Tenterden's letter of yesterday's date, I am directed by Earl Granville to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, a copy of a note from Mr. Lowell, communicating the acceptance by the United States' and French Governments of the conditions on which British and Canadian Delegates will be sent to the Monetary Conference in Paris.

I am, &c.

The Secretary to the Treasury.

(Signed) CHARLES W. DILKE.

Enclosure in No. 25.

Mr. LOWELL to EARL GRANVILLE.

Legation of the United States,

London, May 1, 1881.

MY LORD,

THE Government of Her Britannic Majesty having made known to the Governments of France and of the United States that Delegates would be appointed by Her Majesty's Government to take part in the Monetary Conference, and the French and American Governments having acknowledged the right of each State to confer upon its Delegates such powers as it might deem proper, the British Government having further made known that the Government of Canada had chosen two Delegates—

The two Governments of France and of the United States have pleasure in informing the Government of Her Britannic Majesty that, agreeably to the wish expressed by Lord Granville, they have taken the necessary steps to facilitate these Delegates in the performance of the duties which have been confided to them, and will be happy to receive them at the Monetary Conference.

I have, &c.

(Signed) J. R. LOWELL.

No. 26.

INDIA OFFICE to FOREIGN OFFICE.

SIR,

India Office, May 4, 1881.

WITH reference to your letter of the 3rd instant, I am directed by the Secretary of State for India in Council to express the satisfaction with which he has learned, from the assurances now given by the French and American Governments, that, although specific reference was not therein made to India, there is no difficulty in India's

being represented at the Monetary Conference in Paris on the terms mentioned in Sir Thomas Seccombe's letter of the 6th ultimo, and to request that Earl Granville will communicate to those Governments that the Marquis of Hartington has selected Sir Louis Mallet, C.B., Under Secretary of State for India, and Lord Reay, to represent the Indian Government at the Conference, and has requested them to proceed to Paris forthwith.

The Under Secretary of State
for Foreign Affairs.

I have, &c.
(Signed) LOUIS MALLET.

No. 27.

FOREIGN OFFICE to INDIA OFFICE.

No. 1202/81.

SIR,

Foreign Office, May 4, 1881.

With reference to your letter of this day, I am directed by Earl Granville to transmit to you, for the information of the Secretary of State, copy of a note which his Lordship has received from the United States Minister respecting the representation of the Government of India at the Monetary Conference in Paris.

I am also to enclose copy of a telegram which his Lordship addressed to Lord Lyons previously to the receipt of Mr. Lowell's note.

Monsieur Challengel-Lacour and Mr. Lowell have been informed of the selection of Sir Louis Mallet and Lord Reay to represent India at the Conference, and that they have been requested to proceed to Paris forthwith.

The Under Secretary of State
for India.

I am, &c.
(Signed) CHARLES W. DILKE.

Enclosure 1 in No. 27.

Legation of the United States,
London, May 4, 1881.

MY LORD,

I HAVE the honour to acknowledge the receipt of your Lordship's note of yesterday, in relation to the acceptance, by my Government, of the terms on which it is proposed to send delegates to represent the United Kingdom and Canada at the Monetary Conference at Paris.

I beg further to acquaint your Lordship that having received, on the 2nd instant, an unofficial inquiry from Sir Charles Dilke whether a reference to India was intentionally omitted in my note on this subject, I stated this question yesterday by telegram to Mr. Evarts, one of the Commissioners of the United States at the Conference.

I have just received his reply, by which he informs me that India was intended to be covered, and its representative accepted, by the note which I had the honour to send to your Lordship. He says, in further explanation of its language, that the special mention of Canadian representation grew out of the particular form of the English note on that subject.

The Right Hon. the Earl Granville.

I have, &c.
(Signed) J. R. LOWELL.

Enclosure 2 in No. 27.

Copy Telegram to LORD LYONS, from Foreign Office, 4th May 1881.

As we expect to receive this afternoon from Mr. Lowell the acceptance of the conditions on which delegates from the Indian Government will attend the Monetary Con-

ference, it may be as well that you should at once inform the French Government that Sir Louis Mallet and Lord Reay will be appointed the delegates for India, and that Lord Reay will be present at the meeting to-morrow.

No. 28.

(7936/81.)

TREASURY to MR. FREMANTLE.

SIR,

Treasury Chambers, May 6, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for your information, copy of a note addressed by the French Ambassador at this Court to the Secretary of State for Foreign Affairs which has been received in this Department from the Foreign Office, notifying the acceptance by the Government of France and the United States of the Delegates appointed by the United Kingdom and Canada to the Monetary Conference.

I am further to instruct you to render hereafter an account to this Board of your expenses in attending the Conference, and to state that my Lords are pleased to sanction an allowance being made to you for subsistence whilst detained in Paris of a guinea and a half per diem, which, together with the amount due for travelling expenses, will be charged to the Vote for Temporary Commissions.

The Deputy Master of the Mint.

I have, &c.
(Signed) R. R. W. LINGEN.

No. 29.

LORD REAY to LORD HARTINGTON.

MY LORD,

Hotel Balmoral, Paris, May 9, 1881.

I HAVE the honour to inform your Lordship that Sir Alexander Galt, the Canadian delegate at the International Monetary Conference, having consulted me this morning on the subject of a motion which he wished to propose at the meeting to-morrow I thought it my duty to suggest the propriety of a resolution, which would be as conciliatory as possible, and at the same time offer a basis of further discussion.

The fact that gold being universally adopted as a single standard in all European countries, and in the United States, might produce inconvenience can hardly be denied, and Sir A. Galt adopted the idea that a proposal to that effect might easily be carried, and supply the Conference with a starting point.

He consulted with Mr. Evarts, the first American delegate, and Mr. Evarts agreed to support such a proposal when made, and to communicate it to the French delegates. Baron Thielmann, the German delegate, likewise gives his sanction to such a declaration.

Under these circumstances I have the honour to request that I may be informed whether I am authorised to vote, or to abstain from voting, on a proposition which, so far as the Indian Empire is concerned, appears undesirable.

If Sir Louis Mallet has obtained an amendment of the instructions which were given to me, my request for further authority will not need to be considered; but as he has not yet arrived in Paris I am unable to judge in what position we may be placed when the proposition is brought forward.

The Marquis of Hartington, M.P.
&c. &c. &c.

I have, &c.
(Signed) REAY.

No. 30.

INDIA OFFICE to SIR L. MALLET and LORD REAY.

GENTLEMEN,

India Office, May 10, 1881.

WITH reference to Lord Reay's letter of yesterday's date, inquiring whether you are authorised to vote, or whether you should abstain from voting, on such a proposition

as that the universal adoption of gold as a single standard in all European countries, and in the United States of America, might produce inconvenience, I am directed to inform you that the Marquis of Hartington has no objection to your voting in the affirmative on such a proposition.

Sir Louis Mallet, C.B., and
The Lord Reay.

I have, &c.
(Signed) ENFIELD.

No. 31.

TREASURY to FOREIGN OFFICE. (Received May 12.)

SIR,

Treasury Chambers, May 11, 1881.

REFERRING to Lord Lyons' telegram of the 10th instant, received in this Department yesterday, on the subject of the Paris Monetary Conference, I am directed by the Lords Commissioners of Her Majesty's Treasury to request that you will move Earl Granville to cause a telegram to be sent in the following terms to Lord Lyons for communication to Mr. Fremantle:—

“Do not vote on the Italian Resolution about the danger of adopting a single gold standard.”

I am to say that my Lords see no reason for departing from the general tenour of their instructions to Mr. Fremantle.

The Under Secretary of State
for Foreign Affairs.

I have, &c.
(Signed) F. CAVENDISH.

Copy of Telegram referred to in No. 30.

LORD LYONS to EARL GRANVILLE. (Received May 10, 8.30 p.m.)

(Telegraphic.)

Paris, May 10, 1881, 6.40 p.m.

Mr. FREMANTLE requests me to send the following:

“The following Resolution is to be proposed to the Monetary Conference on Thursday next by the Italian Delegates:—

“The adoption of gold as the single standard in Europe and America would constitute a grave danger to the commerce and industry of the world.”

Mr. Fremantle requests instructions whether he is to vote on this Resolution, and if so, in what sense.

No. 32.

INDIA OFFICE to TREASURY.

SIR,

India Office, S.W., May 19, 1881.

I AM directed by the Secretary of State for India in Council, to state, for the information of the Lords Commissioners of Her Majesty's Treasury, that the Government of India having requested to be informed by telegraph what instructions had been given to the Delegates sent by the Secretary of State in Council to the Monetary Conference at Paris, the text of those instructions (of which a copy is enclosed) was telegraphed to the Viceroy on the 17th instant, in anticipation of the arrival of the Despatch which had been already forwarded.

In reply the Viceroy has sent to the Marquis of Hartington the enclosed telegram dated the 18th of May, in which it is urged that the Governments of both India and England should go as far as they legitimately can to help any international arrangements tending to give stability to the value of silver, without committing themselves to the bi-metallic principle; and in particular it is suggested, for the consideration of Her Majesty's Government whether it would not be possible to arrange that the Bank of England should hold as reserve the full amount of silver authorised by the Bank Act of 1844.

Lord Hartington will be glad to learn whether their Lordships are of opinion that any steps can be taken to give effect to the wishes of the Government of India, and, if so, whether Mr. Fremantle can be instructed to make the intentions of Her Majesty's Government known to the Conference.

The Secretary of the Treasury.

I have, &c.
(Signed) T. L. SECCOMBE.

Enclosure 1 in No. 32.

COPY of TELEGRAM from VICEROY, Simla, dated May 18, 1881.

YOUR Lordship's telegram of the 17th. We are of opinion that the declaration as to our readiness to undertake to coin silver freely should be made to the Conference without delay, and that the period for which India might pledge herself to continue coinage of silver should not be limited to 10 years or other definite period, but should extend to the period during which the Convention of other nations remains in force. In view of the great importance to India that the Conference should result in arrangements which shall give stability to silver, we think India should, and we hope England will go as far as both legitimately can to help international arrangements tending to that, and without committing themselves to the bi-metallic principle. We would suggest for the consideration of Her Majesty's Government whether it would not be possible to arrange for the Bank of England to hold the full amount of silver as reserve, for which provision is made in Peel's Act.

Enclosure 2 in No. 32.

COPY of the INSTRUCTIONS issued to the INDIAN REPRESENTATIVES to the MONETARY CONFERENCE at Paris, 1881.

SIR,

India Office, May 4, 1881.

I AM directed to inform you that the Secretary of State for India in Council has selected you as one of the Delegates to represent the Government of India at the International Monetary Conference.

A copy of the correspondence which has taken place on the subject is enclosed for your information and guidance.

You will explain that, in sending a Delegate to the Conference, the Government of India must not be held to commit itself to the adoption of the principle of the bi-metallic system in India, and that you are not authorised, without further instructions, to vote on any question raised at the Conference.

You will, however, add that, while the Secretary of State in Council is unwilling to encourage an expectation of any material change, at present, in the monetary policy of India, he would be ready to consider any measures which might be suggested for adoption in India as being calculated to promote the re-establishment of the value of silver.

It is desirable that you should, as far as possible, avoid giving any pledge on the part of the Government of India, which would in any manner interfere with its future liberty of action; but, in the event of your being pressed on the subject, or your seeing reason to think it desirable that such a declaration should be made, you are authorised to agree, on the part of the Government of India, that, for some definite term of years not exceeding 10, it will undertake not to depart, in any direction calculated to lower the value of silver, from the existing practice of coining silver freely in the Indian mints as legal tender throughout the Indian dominions of Her Majesty. Such a declaration must, however, be conditional on the acceptance by a number of the principal States of an agreement binding them, in some manner or other, to open their mints for a similar term to the coinage of silver as full legal tender in the proportion of 15½ of silver to 1 of gold, and the engagement on the part of India would be obligatory only so long as that agreement remained in force.

Sir Louis Mallet, C.B.
The Lord Reay.

I have, &c.
(Signed) ENFIELD.

No. 33.

(9167/81.) TREASURY to INDIA OFFICE.

SIR,

Treasury Chambers, May 26, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge receipt of your letter of 19th instant, covering copy of instructions issued to the Indian representatives to the Monetary Conference, and copy of telegram from the Viceroy of the 18th instant, in which it is urged that the Governments of both India and England should go as far as they legitimately can to help any international arrangements tending to give stability to the value of silver without committing themselves to the bi-metallic principle, and that the Bank of England should hold as reserve the full amount of silver authorised by the Bank Act of 1844.

I am to request that you will inform the Secretary of State for India in Council, in reply to the proposal advanced by him for the opinion of this Board that my Lords do not think it desirable to instruct Mr. Fremantle to make any declaration to the Conference in addition to that which he has already made to the effect that Her Majesty's Government will give their careful consideration to any proposal that may be made to them by the Conference.

The Under Secretary of State,
India Office.

I have, &c.
(Signed) F. CAVENDISH.

No. 34.

INDIA OFFICE to TREASURY.

SIR,

India Office, S.W., June 17, 1881.

WITH reference to your Lordship's letter of the 26th ultimo, No. 9167/81, I am directed by the Secretary of State for India in Council, to observe that no comment was therein made on the suggestion of the Viceroy of India, that the Bank of England should hold, as reserve, the full amount of silver authorised by the Bank Act of 1844, and I am accordingly to state that he will be glad to be favoured with the views of the authorities of the Bank and of the Lords of the Treasury regarding this suggestion, the adoption of which he has reason to think might tend materially to promote an agreement between the Powers represented at the Monetary Conference.

The Secretary of the Treasury.

I have, &c.
(Signed) LOUIS MALLET.

No. 35.

TREASURY to INDIA OFFICE.

(10,716/81.)

SIR,

Treasury Chambers, June 27, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to convey to you their regret that they did not in their letter of the 26th May give a specific answer to that part of your letter of the 19th May, which relates to the holding of silver against notes by the Bank of England.

I am to acquaint you, for the information of the Secretary of State for India in Council, that the Bank Act of 1844 does not impose upon this Board the responsibility of deciding whether the Bank of England should or should not exercise the discretion reserved by the third section of that Act. The Bank of England has power to act in that respect as it pleases.

If any proposal upon the subject were addressed to Her Majesty's Government either by the Monetary Conference now sitting, or by the Government of France, or the United States, it would be the duty of this Board to refer such proposal to the Bank of England

with any remarks which might appear to be called for. If the Bank should consult them upon the point, my Lords would give it their best and most respectful consideration; but they do not consider it their duty to take the initiative themselves, or to raise the question until it is formally brought before them.

Sir Louis Mallet, C.B.,
India Office.

I have, &c.
(Signed) F. CAVENDISH.

No. 36.

FOREIGN OFFICE to TREASURY.

SIR,

Foreign Office, June 28, 1881.

I AM directed by Earl Granville to inform you that the American Minister has expressed to his Lordship a hope that the Conference on bi-metallism, now being held in Paris, may not separate without attaining some tangible result.

It is Mr. Lowell's belief that an agreement might be arrived at among the other Powers concerned in regard to the adoption of a double standard, provided that the Indian Government would engage to maintain for a certain time the *status quo* as regards silver coinage in British India, and that the Bank of England would act up to the statute now in force with regard to holding silver bullion as reserve in the Issue Department.

It is understood that an engagement upon these two points would be conditional upon a reciprocal pledge that the Governments of the United States and of the countries belonging to the Latin Silver Union would coin silver freely.

Lord Granville believes that the Government of India would be ready to assent to the first of the conditions above mentioned, and his Lordship requests that you will move the Lords Commissioners of Her Majesty's Treasury to consider whether they would be prepared under the circumstances to forward and to recommend to the Bank of England the proposal made by Mr. Lowell as regards that institution.

The Secretary to the Treasury.

I am, &c.
(Signed) CHARLES W. DILKE.

No. 37.

TREASURY to BANK OF ENGLAND.

(11,370/81.)

GENTLEMEN,

Treasury Chambers, June 28, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to forward to you a copy of a letter which they have received from the Secretary of State for Foreign Affairs.

The American Minister at this Court represents, you will observe, to Lord Granville that agreement as to the adoption of the double standard might be concluded by the other Powers concerned, provided that the Indian Government would engage to maintain for a certain time the *status quo* as regards silver coinage in British India, and that the Bank of England would act up to the statute now in force with regard to holding silver bullion in the Issue Department. Lord Granville adds that it is understood that an engagement upon these two points would be conditional upon a reciprocal pledge that the Government of the United States and the Governments belonging to the Latin Union will coin silver freely.

The second and third sections of the Act 7 & 8 Vict. cap. 32, leave it to the Bank of England to issue notes against silver at its discretion, though within certain limits, and no power of interference is reserved to the Treasury by the Act. I am, therefore, to make known to you the request of the American Minister, and I am to ask you to favour them with the opinion of the Bank of England upon Mr. Lowell's proposal.

The Governor and Deputy Governor of
the Bank of England.

I have, &c.
(Signed) F. CAVENDISH.

No. 38.

The GOVERNOR and DEPUTY GOVERNOR OF THE BANK OF
ENGLAND to TREASURY.

MY LORD,

Bank of England, E.C., June 30, 1881.

WE have to acknowledge the receipt of your letter of the 28th instant, sent by direction of the Lords Commissioners of Her Majesty's Treasury, requesting the opinion of the Bank of England on a proposal of Mr. Lowell, conveyed in a letter from the Foreign Office enclosed therein, which letter also requested their Lordships to consider whether they would be prepared to recommend the proposal to the Bank, namely, to "act up to the statute now in force with regard to the holding of silver bullion in the Issue Department."

Your letter, with its enclosure, has been laid before the Court this day, and we have now to communicate to you the result of their deliberation.

The Bank Charter Act permits the issue of notes upon silver, but limits that issue to one-fourth of the gold held by the Bank in the Issue Department. The purchase of gold bullion is obligatory and unlimited, the purchase of silver bullion is discretionary and limited; the distinction being enforced by the necessity of paying all notes in gold on demand.

The reappearance of silver bullion as an asset in the Issue Department of the Bank of England would, as is understood by the Foreign Office letter, depend entirely on the return of the Mints of other countries to such rules as would ensure the certainty of conversion of gold into silver, and silver into gold. The rules need not be identical with those formerly in force; the ratio between silver and gold and the charge for mintage may both or either of them be varied, and yet leave unimpaired the facility of exchange which would be indispensable to the resumption of silver purchases by a Bank of Issue whose responsibilities are contracted in gold.

Subject to these considerations, the Bank Court are satisfied that the issue of their notes against silver, within the letter of the Act, would not involve a risk of infringing that principle of it which imposes a positive obligation on the Bank to receive gold in exchange for notes, and to pay notes in gold on demand.

The Bank Court see no reason why an assurance should not be conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, will be always open to the purchase of silver under the conditions above described.

The Lord F. Cavendish, M.P.,
Treasury.

We have, &c.
(Signed) H. R. GRENFELL.
JOHN S. GILLIAT.

No. 39.

INDIA OFFICE to TREASURY.

MY LORD,

India Office, S.W., June 30, 1881.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your Lordship's letter of the 27th of June, pointing out that the Act of 1844 does not impose on the Treasury the responsibility of deciding whether the Bank of England should exercise the discretion of holding silver as a portion of its reserve; but stating that, if any proposal on the subject were addressed to Her Majesty's Government by the Monetary Conference, or by the Governments of France or the United States, it would be the duty of the Treasury to refer it to the Bank of England, though they could not raise the question till it were formally brought before them.

In reply, I am directed to point out that, if India is not interested so largely as France or America in the maintenance of the value of silver, she is at any rate very greatly concerned in its stability. There are many fiscal reforms which the Government of India would gladly carry into effect, if they could feel any assurance that the exchange value of the rupee would be restored, or even would not be further depreciated, by the monetary legislation of other countries.

The telegram of the Viceroy forwarded to you on the 19th of May urged especially on the consideration of Her Majesty's Government, the question whether it would not be

possible to arrange that the Bank of England should hold as reserve the full amount of silver authorised by the Act of 1844; and Lord Hartington would greatly regret to be compelled to have to inform his Excellency, in reply, that the Treasury, though willing, to take the matter into consideration, and to communicate with the authorities of the Bank, if it were urged upon them by a foreign government, were not prepared to do so at the request of the Government of India.

It is in the opinion of that Government and of the Secretary of State in Council, a matter of grave moment to the interests of India that the free coinage of silver should be resumed in the continental and American Mints; and Lord Hartington cannot but think that such a step might be promoted to some extent, if Her Majesty's Government were able to show their readiness to further the object, or even merely to testify to their interest therein, by any measure, which, without affecting the monetary system of this country, might conduce to the use of silver in the currency.

Although in the Viceroy's telegram above-mentioned the condition was not distinctly formulated, there can be no doubt that the intention of the Government of India was that the adoption of such an arrangement by the Bank as they suggested would be contingent on the agreement by a certain number of the great powers to resume the free coinage of silver; and it was in that sense that the suggestion was transmitted by the Secretary of State to the Treasury.

I am, accordingly, desired once more to bring the subject under the notice of the Lords Commissioners of Her Majesty's Treasury, in the hope that they will take it into serious consideration, before the Monetary Conference, which is now resuming its sittings in Paris, shall have been dispersed, when the opportunity for useful action may have passed away.

The Secretary of the Treasury. c

I have, &c.
(Signed) T. L. SECCOMBE.

No. 40.

(11,370/81.)

TREASURY to FOREIGN OFFICE.

SIR,

Treasury Chambers, July 1, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 28th instant, communicating to them the suggestion made by Mr. Lowell on behalf of the Government of the United States, that an agreement might be arrived at among the other Powers concerned in regard to the adoption of the double standard of value, provided (1) that the Government of India would maintain the *status quo*; and (2) that the Bank of England would act up to the statute now in force with regard to holding silver bullion as reserve in the Issue Department.

The Secretary of State is aware that the Bank Act of 1844 (7 & 8 Vict., cap. 32, secs. 2 and 3) entrusts to the Bank of England the discretion of issuing, within certain limits, notes against silver, and reserves no power of interference on that point to the Treasury. My Lords, therefore, forwarded a copy of your letter to the Governor and Deputy Governor of the Bank asking them to favour the Treasury with the opinion of the Bank of England upon Mr. Lowell's proposal so far as it related to the Bank, and I am to forward to you a copy of the Bank's reply.

The Secretary of State will observe that the Bank Court are ready to assure the Monetary Conference, if my Lords think it desirable, that, agreeably with the Act of 1854, the Bank will be always open to the purchase of silver, provided the Mints of other countries return to such rules as will insure the certainty of the conversion of gold into silver, and silver into gold.

Before my Lords could state that such an intimation to the Conference is desirable, they had to assure themselves that the proposed action of the Bank of England would involve no danger to the principle of the Bank Act of 1844, and they therefore note with satisfaction the statement of the Governor and the Deputy Governor, that so long as the other powers entering into agreement continue to coin silver freely, there is no risk of infringing upon that principle, which imposes a positive obligation upon the Bank to receive gold in exchange for notes, and to pay notes in gold upon demand. With this statement before them, my Lords consider that the proposed assurance on the part of the Bank may be conveyed to the Conference.

But their opinion is based upon the understanding to which you refer, and which my Lords assume to form part of Mr. Lowell's suggestion, that the engagement of the Indian Government and of the Bank of England would be conditional upon a reciprocal pledge, that the Governments of the United States and of the countries belonging to the Latin Union would coin silver freely.

My Lords have, therefore, to request the Secretary of State to instruct Mr. Fremantle to inform the Monetary Conference that the Bank of England, agreeably with the Act of 1844, will be always open to the purchase of silver under the conditions which the Governor and Deputy Governor describe.

The Under Secretary of State
for Foreign Affairs.

I have, &c.
(Signed) F. CAVENDISH.

No. 41.

TREASURY to BANK OF ENGLAND.

(11,504/81.)

GENTLEMEN,

Treasury Chambers, July 1, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of the 30th ultimo, in which you state that the Bank Court see no reason why an assurance should not be conveyed to the Monetary Conference at Paris, if the Treasury think it desirable, that the Bank of England, agreeably with the Act of 1844, will be always open to the purchase of silver, provided that the Mints of other countries return to such rules as would ensure the conversion of gold into silver and silver into gold.

My Lords are of opinion that such an assurance is desirable, provided always that it be understood that the silver using countries are to permit a free coinage of silver; and, as they note the opinion of the Bank Court that the exercise of that power by the Bank would not involve a risk of infringing the principle of the Act of 1844, they have communicated a copy of your letter to the Secretary of State for Foreign Affairs, and have requested him to convey to the Monetary Conference the intimation that the Bank of England, agreeably with the Act of 1844, but under the condition which you describe, will be open to the purchase of silver.

The Governor and Deputy Governor
of the Bank of England.

I have, &c.
(Signed) F. CAVENDISH.

No. 42.

(11481/81.)

TREASURY to INDIA OFFICE.

SIR,

Treasury Chambers, July 1, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Secretary of State for India in Council, that since the despatch of their letter of the 27th ultimo, they have received a communication from the United States Minister on behalf of his Government conveying proposals to which they have given their serious consideration, and after consultation with the Bank of England they have informed the Foreign Office that an intimation may be given to the Monetary Conference that the Bank of England agreeably with the Act of 1844 will be always open to the purchase of silver provided that the Mints of silver using countries return to such rules as would ensure the certainty of the conversion of gold into silver, and silver into gold.

I am to forward, for the information of the Secretary of State, copies (1) of a letter received from the Foreign Office on the 28th ultimo; (2) of the letter written on the same day by my Lords to the Bank of England; (3) the Bank reply dated the 30th; and (4) of my Lords' letter to the Foreign Office dated to-day.

The Under Secretary of State for India,
in Council.

I have, &c.
(Signed) R. E. WELBY.

No. 43.

(11481/81.)

TREASURY to FOREIGN OFFICE.

MY LORD,

Treasury Chamber

I AM directed by the Lords Commissioners of Her Majesty's Treasury to inform you that Mr. Fremantle brought under their consideration a Resolution of the Monetary Conference now sitting at Paris, in which a wish is expressed that the Governments represented would ask the opinion of the chief banks of issue in each country upon the Monetary question.

My Lords referred the Resolution to the Bank of England, and I am to communicate to you a copy of the Bank's reply, and I am to request that it may be forwarded to Mr. Fremantle, as the Delegate of the United Kingdom at the Conference.

I have, &c.

The Under Secretary of State
for Foreign Affairs.

(Signed) F. CAVENDISH.

Enclosure in No. 43.

The GOVERNOR and DEPUTY GOVERNOR of the BANK OF ENGLAND to
Lord F. CAVENDISH.

MY LORD,

Bank of England, E.C., June 30, 1881.

WE have to acknowledge the receipt of your letter of the 27th June, in which, by desire of the Lords Commissioners of Her Majesty's Treasury, you inform us that Mr. Fremantle has formally submitted to their Lordships the following Resolution, which has been adopted by the International Monetary Conference assembled at Paris, viz. :—

“La Conférence exprime le désir que les Gouvernements des différents Etats représentés dans son sein veuillent bien demander l'avis des principales banques d'émission de chaque pays sur la question monétaire et lui donner communication de leurs réponses.”

Having laid your letter before the Court, we have to inform you that it was felt that “the monetary question” discussed at the Conference, being one partly of abstract science and partly of political application, did not form a legitimate subject for their discussion, or for the delivery of the judgment of the Bank in its corporate capacity.

Under these circumstances, we have to express our regret at our inability to comply with the request of the Conference, by placing on record the opinion of the Bank of England in the sense which was apparently present to the minds of the members of it when they passed the Resolution.

We have, &c.

(Signed) H. R. GRENFELL.
JOHN S. GILLIAT.

No. 44.

FOREIGN OFFICE to INDIA OFFICE.

SIR,

Foreign Office, July 1, 1881.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Secretary of State for India in Council, copies of correspondence, as marked in the margin,* on the subject of the Paris Monetary Conference.

* To Treasury, 28th June 1881. } See previous correspondence with Treasury.
From ditto, 30th June 1881. }
From Mr. Lowell, 27th June 1881.
To ditto, 29th June 1881.
From ditto, 30th June 1881.

I am, &c.

The Under Secretary of State
for India.

(Signed) CHARLES W. DILKE.

Enclosure 1 in No. 44.

Legation of the United States,

MY LORD.

London, June 27, 1881.

IN a conversation which I had the honour to hold with your Lordship, you asked me what, if any, suggestion I could make, as to any action on the part of Her Majesty's Government, which, without modifying views hitherto expressed as to metallic standards

of value, might tend to facilitate the objects of the Conference now sitting at Paris, and to meet the wishes of the Government of the United States. The only suggestion that occurs to me is that the Bank of England should more strictly comply with the statutes now in force in respect of the bullion reserve in its Issue Department. If this were made to consist in due proportion of silver it might in some measure perhaps, conduce toward bringing about a more stable relative value between the two precious metals than now exist.

With this view, I should be glad if your Lordship would put in motion such measures as would lead to a suggestion being made on the part of the Treasury to the Government of the Bank tending to some definite and prompt action in the direction mentioned above.

The Earl Granville, K.G.
&c. &c. &c.

I have, &c.
(Signed) J. R. LOWELL.

Enclosure 2 in No. 44.

SIR,

Foreign Office, June 29, 1881.

WITH reference to your letter of the 27th instant, I have the honour to inform you that I have already caused the Lords of Her Majesty's Treasury to be informed of the wish which you expressed in conversation with me, that the Monetary Conference now being held in Paris might not separate without attaining some tangible result. Their Lordships were also informed that it was your belief that an agreement might be arrived at among the other Powers concerned, in regard to the adoption of a double standard, provided that the Indian Government would engage to maintain, for a certain time, the *status quo* as regards silver coinage in British India, and that the Bank of England would act up to the statute of 1844, with regard to holding silver bullion as reserve in the Issue Department. The engagement upon these two points would be conditional upon a reciprocal pledge that the Governments of the United States and of the countries belonging to the Latin Silver Union would coin silver freely.

I hope shortly to receive the opinion of the Lords of the Treasury upon these suggestions, and I will then have the honour of addressing a further note to you.

James R. Lowell, Esq.
&c. &c. &c.

I have, &c.
(Signed) GRANVILLE.

No. 45.

FOREIGN OFFICE to TREASURY.

MY LORD,

Foreign Office, July 1, 1881.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, copy of a Despatch from the United States' Minister at this Court relative to the Paris Monetary Conference, and I am to state that a copy of this note has been sent to Lord Lyons, for communication to Mr. Fremantle.

The Lord F. Cavendish, M.P.

I am, &c.
(Signed) CHARLES W. DILKE.

Enclosure in No. 45.

Mr. LOWELL to Earl GRANVILLE. (Received July 1.)

Legation of the United States,
London, June 30, 1881.

MY LORD,

I HAVE the honour to acknowledge the receipt of your Lordship's note of yesterday in relation to the Monetary Conference, and I take the earliest opportunity to correct a misapprehension which I fear may exist in your Lordship's mind as to the extent of my power to commit my Government to any agreement that may be proposed for adoption by the Powers represented at Paris. I have received no instructions whatever upon the

subject, and the suggestion that I made to your Lordship should be considered as entirely unofficial, and not binding the United States in any the least degree.

I shall send a copy of your Lordship's note to Mr. Evarts, in Paris, who is more distinctly informed than I am of the views of my Government in this matter.

I have, &c.

(Signed) J. R. LOWELL.

No. 46.

(11,663/81.)

TREASURY to FOREIGN OFFICE.

SIR,

Treasury Chambers, July 2, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of yesterday's date, enclosing copy of a note from the United States' Minister on the subject of the Paris Monetary Conference; and, with reference to the terms of that note, I am to ask you to move the Secretary of State to cause Mr. Fremantle to be instructed by telegraph to postpone any communication of the proposal that the Bank of England should hold silver in its Issue Department.

I have, &c.

The Under Secretary of State
for Foreign Affairs.

(Signed) F. CAVENDISH.

No. 47.

FOREIGN OFFICE to TREASURY.*

SIR,

Foreign Office, July 5, 1881.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, copy of a Note from the Italian Ambassador at this Court on the subject of the Monetary Conference at Paris.

I am, &c.

The Secretary to the Treasury.

(Signed) CHARLES W. DILKE.

Enclosure in No. 47.

(Translation.)

M. L'AMBASSADEUR,

Rome, June 27, 1881.

THE King's Government has followed the proceedings of the Monetary Conference of Paris with lively attention. The fact that the representatives of, it may be said, all civilised countries should assemble to study a subject of such moment was, of itself, very important. And the manifestations of public opinion, even in the countries which, from a time more or less remote, have adopted gold monometallism, gave reason to hope that the Conference would not stop at a diligent study of the problem, but would go further on towards its solution. Those expectations have been satisfied, at least in part, for some States in their candour have shown themselves frankly inclined to restore to silver its attribute of money; and other States, such as Great Britain and Germany, while evincing their intention to retain their present monetary system have not concealed a praiseworthy desire to co-operate in the rehabilitation of silver, giving utterance at the same time to ideas deserving examination.

In Italy, where the monetary question has always attracted attention and induced an earnest desire to put an end to the inconveniences felt in general circulation, with the firm intent not to participate in any measures that might endanger our monetary future, we could not but think a great deal of the situation created by the declarations of the English representatives at the meetings of the Conference, and this, not only because the United Kingdom and the Indian Empire have very great weight in these money matters, but also because, as the German delegates asserted, the attitude of England has had something to do with the resolutions of the Imperial Government (see Herr Thielmann's speech, para. 76, of the proceedings).

In the opinion of the King's Government, if it is not possible to attain, altogether and immediately, the ends which the greater part of the civilised world has in view, we may yet alleviate the asperity of the present crisis by gradually improving the condition of the monetary market. Not only are the countries which have shown the desire to

* Also addressed to India Office.

resume the coining of silver able to contribute to this, but those can do so too which like the United Kingdom are aware of all the importance of increasing the stability of the price of that metal.

The effect of such measures adopted by England would not only be to increase the demand for silver, but also to produce moral consequences worthy of appreciation, and to encourage the States which still retain the double monetary standard to proceed more frankly in the way of coining silver.

Italy is only entitled to speak in her own name, but she believes that her sentiments are not exclusively her own. She would not accept the free coinage of silver unless it came to be a question of measures all but general, but she is disposed to undertake such coinage with certain limits of time and quantity, whenever the States of the Latin Union and the United States of America assume the same obligations, and the United Kingdom and the German Empire associate in this work by binding compacts.

The King's Government is convinced that the United Kingdom would contribute to the preparation of a fitting solution of the problem if, besides the measures mentioned at the Conference, namely, the maintenance during a certain number of years of the unlimited coinage of silver in India (*see* Sir L. Mallet's speech, paragraph 256), and the obligation imposed on the Bank of England to keep a part of its reserve in silver as empowered by the Act of 1844 (*see* above-mentioned speech and Mr. Fremantle's reply, paragraph 263), it were also disposed to increase somewhat, say to four pounds, the solving power (free tender ?) of silver crowns, which is now restricted to two pounds. If a preliminary agreement on these points could be arrived at, the work of the Conference, which is about to re-assemble, would be greatly facilitated, and this is why I beg your Excellency to communicate this note, to Her Majesty the Queen's Principal Secretary for Foreign Affairs.

His Excellency General Menabrea,
Marquis of Val-Dora,
&c. &c. &c.

Accept, &c.
(Signed) MANCINI.

No. 48.

(12098/81.)

TREASURY to FOREIGN OFFICE.

SIR,

Treasury Chambers, July 5, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to acknowledge the receipt of your letter of this day's date covering a translation of a Despatch addressed under date of the 27th ultimo by the Government of the King of Italy to Her Majesty's Representative at this Court upon the subject of the Monetary Conference now sitting at Paris.

I am to request you to remind the Secretary of State that Her Majesty's Government were not able to hold out hopes to the Governments which proposed the Conference, viz., those of France and the United States; that the United Kingdom would be able to enter into any engagement for the establishment of the double standard, but my Lords, recognising the interest which those Governments attached to the question, appointed a Delegate, Mr. Fremantle, to attend the Conference authorised to afford information and to report upon the proceedings of the Conference, but not authorised to vote. Mr. Fremantle was further instructed to state that any proposal made by the Conference should receive the best and most respectful consideration of Her Majesty's Government, but he was not permitted to take the initiative or to offer concessions which had not been previously suggested by the Conference for the consideration of Her Majesty's Government.

The Government of India at the same time, as also the Dominion of Canada, appointed Delegates to the Conference. Those Delegates in no way represent the United Kingdom, and Mr. Fremantle is the sole exponent of the views of Her Majesty's Government as regards the United Kingdom.

The Conference duly met and discussed for some time the subjects submitted to them, but they formulated no proposals, and they offered no suggestion for the consideration of Her Majesty's Government.

Later the Minister of the United States at this Court stated to Lord Granville that an agreement might possibly be arrived at by the other Governments concerned, if, on one point, the Bank of England would issue notes against silver, as was permitted by the Bank Act of 1844.

My Lords of course understood this intimation to be made by Mr. Lowell in his capacity as Minister of the United States, and they gave it their best and most respectful consideration as a suggestion emanating from one of the powers which convened the Conference.

Subsequently, however, they were informed that Mr. Lowell had acted without instructions, and they were compelled in consequence to suspend further action.

They have now before them a suggestion to the same effect addressed to them directly by one of the Great Powers of Europe, and they are, of course, prepared to give it the same respectful consideration which they gave to the proposal when made, as they supposed, by the Government of the United States.

The Secretary of State is aware that in this case the Bank of England are ready, if the Treasury think it desirable, to assure the Monetary Conference that the Bank, agreeably to the Act of 1844, will be always open to the purchase of silver provided the Mints of other countries return to such rules as will assure the certainty of the conversion of gold into silver and of silver into gold.

My Lords are therefore of opinion that Mr. Fremantle may be instructed to inform the Monetary Conference that, in response to a representation of the Government of Italy, he is authorised to give the assurance in question, and they would suggest that the Italian Ambassador may be informed of this decision.

It may be necessary to offer further remarks upon the Despatch now under reply, but as my Lords have only received it this day they must restrict themselves to making known to the Conference the result of their recent communication with the Bank of England.

The Under Secretary of State
for Foreign Affairs.

I have, &c.
(Signed) F. CAVENDISH.

No. 49.

TREASURY to INDIA OFFICE.

(12098/81.)

SIR,

Treasury Chambers, July 11, 1881.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of the Secretary of State for India in Council, with reference to previous correspondence, copy of a letter from the Foreign Office covering a note from the Italian Ambassador in London respecting the Monetary Conference lately assembled at Paris, and of their Lordships reply thereto, dated the 5th instant.

The Under Secretary of State,
India Office.

I am, &c.
(Signed) R. E. WELBY.

No. 50.

FOREIGN OFFICE to TREASURY.

SIR,

Foreign Office, July 13, 1881.

WITH reference to previous correspondence, I am directed by the Secretary of State for Foreign affairs to transmit to you, to be laid before the Lords of Her Majesty's Treasury, copy of a letter from Mr. Fremantle, relative to the Paris Monetary Conference.

The Secretary to the Treasury.

I am, &c.
(Signed) CHARLES W. DILKE.

Enclosure 1 in No. 50.

Mr. FREMANTLE to Sir C. DILKE. (Received July 14.)

SIR,

Royal Mint, July 11, 1881.

I HAVE the honour to transmit herewith a copy of the communication made by me in pursuance of my instructions, as Delegate for Great Britain at the International

Monetary Conference at Paris, on Wednesday the 6th instant, and to report, for the information of the Secretary of State for Foreign Affairs, that the Conference was adjourned on Friday the 8th instant, on the motion of M. Magnin, the President, after adopting a Declaration read by Mr. Evarts, the First Delegate from the United States, a copy of which is also enclosed.

The date fixed for the reassembling of the Conference is the 12th April, 1882.

I have, &c.

(Signed) C. W. FREMANTLE.

Enclosure 2 in No. 50.

DECLARATION OF THE BRITISH DELEGATE.

COMME, je l'ai annoncé à la Conférence dans la séance de Samedi dernier, j'ai l'honneur de faire la communication suivante de la part de mon Gouvernement.

Le Ministre des États-Unis à Londres, à la suite d'un entretien avec le Secrétaire d'État pour les Affaires Étrangères de Sa Majesté Britannique, ayant émis l'opinion qu'il serait possible d'arriver à un accord entre les autres Puissances sur la question monétaire si (*inter alia*) la Banque d'Angleterre s'engageait à user la faculté que lui accorde le "Bank Charter Act" de 1844 (7 et 8 Vict. Cap. 32, secs. 2 et 3), et si le Département des Finances voulait adresser une question à cet effet à la Direction de la Banque, Lord Granville s'est adressé à ce Ministère, et a obtenu par son entremise une réponse de la Direction de la Banque. Dans cette réponse, la Banque déclare être prête à user de la faculté mentionnée ci-dessus, à condition que les Hôtels des Monnaies d'autres nations reviennent à l'observation des règlements qui assurent l'échange de l'or en argent et de l'argent en or à taux légal.

Le Gouvernement de Sa Majesté ayant appris plus tard que l'action de Mr. Lowell n'était nullement le résultat d'instructions de son Gouvernement, n'a pas cru devoir donner suite à la Déclaration de la Banque d'Angleterre, en la communiquant à la Conférence par l'entremise de son Délégué.

Cependant, une semblable proposition ayant été soumise, dans ces derniers jours, par l'Ambassadeur de Sa Majesté le Roi d'Italie à Londres, de la part de son Gouvernement, le Gouvernement de Sa Majesté Britannique s'est empressé de lui donner l'accueil respectueux qu'il accordera toujours aux représentations d'une des Grandes Puissances de l'Europe.

J'ai donc l'honneur de déposer sur le bureau de la Conférence le texte même dont s'est servie la Banque d'Angleterre, dans la communication mentionnée ci-dessus :—

"The Bank Charter Act permits the issue of notes upon silver, but limits that issue to one-fourth of the gold held by the Bank in the Issue Department.

"The purchase of gold bullion is obligatory and unlimited the purchase of silver bullion is discretionary and limited, the distinction being enforced by the necessity of paying all notes in gold on demand.

"The reappearance of silver bullion as an asset in the Issue Department of the Bank of England would, as is understood by the Foreign Office letter, depend entirely on the return of the Mints of other countries to such rules as would ensure the certainty of conversion of gold into silver and silver into gold. The rules need not be identical with those formerly in force; the ratio between silver and gold and the charge for mintage may both or either of them be varied, and yet leave unimpaired the facility of exchange which would be indispensable to the resumption of silver purchases by a bank of issue whose responsibilities are contracted in gold.

"Subject to these considerations, the Bank Court are satisfied that the issue of their notes against silver within the letter of the Act would not involve a risk of infringing that principle of it which imposes a positive obligation on the Bank to receive gold in exchange for notes, and to pay notes in gold on demand.

"The Bank Court see no reason why an assurance should not be conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, will be always open to the purchase of silver under the conditions above described."

(Traduction.)

"Le Bank Charter Act (Loi Constitutive de la Banque) permet l'émission de billets ('bank-notes') sur argent, mais il limite cette émission à un quart de l'or que la Banque possède dans son Bureau d'Emission.

“ L'achat de lingots d'or est obligatoire et illimité, l'achat de lingots d'argent est laissé à la discrétion de la Banque, mais d'une façon limitée, cette différence étant imposée par la nécessité de rembourser tous ses billets en or, sur demande.

“ La réapparition de lingots d'argent comme actif dans le Bureau d'Emission de la Banque d'Angleterre dépendrait entièrement, ainsi qu'il est constaté par la lettre du Foreign Office, du retour des Hôtels de Monnaies d'autres pays à des règles de nature à pouvoir garantir la certitude de l'échange de l'or contre l'argent et de l'argent contre l'or. Ces règles ne devraient pas nécessairement être identiques à celles qui étaient autrefois en vigueur ; le rapport entre l'argent et l'or, et les frais de fabrication, pourraient simultanément ou respectivement varier, sans toutefois porter atteinte à la facilité d'échange qui serait indispensable pour la reprise des achats d'argent par une banque d'émission dont les engagements sont contractés en or.

“ En tenant bien compte de ces considérations, la Direction de la Banque est convaincue que l'émission de ses billets contre de l'argent dans les limites de la lettre de la loi, n'entraînerait pas le risque d'enfreindre le principe de cette loi qui impose à la Banque l'obligation positive de recevoir de l'or en échange de billets, et de rembourser les billets en or sur demande.

“ La Direction de la Banque ne voit pas pourquoi l'on ne donnerait pas à la Conférence Monétaire réunie à Paris, si leurs Seigneuries le jugent désirable, l'assurance que la Banque d'Angleterre, conformément à la Loi de 1844, sera toujours ouverte pour les achats d'argent sous les conditions sus-mentionnées.”

Enclosure 3 in No. 50.

DECLARATION OF MR. EVARTS, First Delegate of the United States.

THE Delegates of France and of the United States, in the name of their respective Governments, make the following declarations :—

1. The depreciation and great fluctuations in the value of silver relatively to gold, which of late years have shown themselves, and which continue to exist, have been and are injurious to commerce and to the general prosperity, and the establishment and maintenance of a fixed relation of value between silver and gold would produce most important benefits in the commerce of the world.

2. A Convention entered into by an important group of States, by which they should agree to open their Mints, to free and unlimited coinage of both silver and gold at a fixed proportion of weight between the gold and silver contained in the monetary unit of each metal, and with full legal tender faculty to the money just issued, would cause and maintain a stability in the relative value of the two metals suitable to the interests and the requirements of the commerce of the world.

3. Any ratio, now or of late in use by any commercial nation, if adopted by such important group of States, could be maintained, but the adoption of the ratio of $15\frac{1}{2}$ to 1 would accomplish the principal object with less disturbance in the monetary systems to be affected by it, than any other ratio.

4. Without considering the effect which might be produced towards the desired object by a lesser combination of States, a Convention which should include England, France, Germany, and the United States, with the concurrence of other States both in Europe and on the American continent, which this combination would assure, would be adequate to produce and maintain throughout the commercial world the relation between the two metals that any such Convention should adopt.

F. CAVENDISH.

No. 51.

INDIA OFFICE to TREASURY.*

SIR,

September 9, 1881.

WITH reference to previous correspondence regarding the instructions given to the delegates of the Indian Government to the Monetary Conference at Paris, I am directed by the Secretary of State for India in Council to transmit, for the information of the Lords Commissioners of Her Majesty's Treasury, a copy of a letter from the Government of India, dated the 10th of June 1881, No. 143, together with a copy of the Despatch addressed by the Marquis of Hartington to that Government in reply.

I have, &c.

The Secretary of the Treasury.

(Signed) L. MALLET.

Enclosure 1 in No. 51.

GOVERNMENT OF INDIA.—DEPARTMENT OF FINANCE AND COMMERCE.
ACCOUNTS AND FINANCE.

To the Right Hon. the MARQUIS OF HARTINGTON, M.P., Her Majesty's Secretary of State for India.

MY LORD MARQUIS,

Simla, June 10, 1881.

WE have the honour to acknowledge the receipt of your Lordship's Despatch No. 79, dated 24th February 1881, in which we are invited to state our views, "in the event of its being proposed that India should become a member of a Union, based on principles of bimetallism for a limited term of years."

2. Since the receipt of that Despatch, the telegrams, copies* of which are enclosed in

* No. 1 Telegram	to Secretary of State,	April 18th 1881.	this Despatch, have passed between your
" 2. "	from Secretary of State	May 11th "	Lordship and the Government of India.
" 3. "	to " "	" 13th "	We learn from your Lordship's telegram
" 4. "	from " "	" 14th "	of the 25th ultimo that the Paris Conference
" 5. "	" " "	" 17th "	has been adjourned to 30th June.
" 6. "	to " "	" 18th "	We take the opportunity thus afforded to
" 7. "	to " "	" 25th "	us of stating to your Lordship our views at greater length than is possible in tele-
" 8. "	from " "	" 25th "	graphic communications.

us of stating to your Lordship our views at greater length than is possible in telegraphic communications.

3. It would be difficult to exaggerate the importance to India of the subject on which an expression of our opinion has been invited. The real loss by exchange to the Indian Treasury during the current year, resulting from the disturbance of the equilibrium previously existing between gold and silver, may be approximately estimated at Rs. 2,05,36,000 (see paragraph 80 of the Financial Statement for 1881-82). The actual loss, however, although a matter of great importance, is not, in our opinion, the point to which the greatest importance is to be attached. The real evil to which we are now exposed is, that we never know what our loss or gain may be. Silver has, during the last few years, failed to fulfil the chief function which is required of a standard of value. It has been subject to great fluctuations. Under these circumstances, it is difficult to initiate with confidence any policy of fiscal reform. Our estimates are liable to be upset at any moment by a sudden and gratuitous drain on our resources, arising from circumstances wholly beyond our control. We are aware that it has been sometimes argued that the evils arising from fluctuations in exchange have been exaggerated, and we agree in thinking that if the value of the rupee would settle down at, say, 1s. 8d., our financial difficulties would be by no means insuperable. We cannot, however, forget that the present condition of the silver market is deranged, owing mainly to the action of Germany, and the consequent suspension in France of the Monetary Law of 1803. We can have no assurance that what has happened before may not happen again. Exchange may indeed eventually settle down at a figure, liable only to such changes as are consequent on variations in the balance of trade. Our whole financial arrangements may be adjusted on this basis, and stability to the silver market may possibly, for a few years, be ensured. But we can never feel sure that a further demonetisation of silver will not

* This letter and its enclosures, though received at the Treasury subsequently to the date of the order of the House of Commons, is now added for the purpose of completing the correspondence.

take place, with the result of again depreciating the rupee. We should then be again obliged to readjust our whole financial system. The result would probably be that we should either have to push economy in the civil administration so far as to cripple the development of the country, or that we should have to reduce our military establishments to a dangerous extent, or that we should have to look out for new sources of revenue—a course attended with considerable difficulty, and open to some political objections. A further depreciation of silver is, indeed, at present by no means a remote or improbable contingency. Should, unfortunately, the Conference now sitting in Paris, not result in any satisfactory arrangement, we can hardly hope that silver will remain at its present value. It seems more probable that a further depreciation will ensue.

4. We have dwelt upon the difficulty of initiating, with confidence, any policy of fiscal reform in the present condition of the silver market. We need scarcely remind your Lordship of the many important questions bearing on the finances of India which remain at present in a position more or less unsettled. Powerful interests are constantly being exerted in England, with a view to reforms being effected in our customs tariff, and to a modification of the system under which our opium revenue is derived. The reduction of the salt tax is a measure which would confer great benefit on the population of India, and one to which our attention has frequently been directed by high authorities in England. The recent report of the Famine Commissioners abundantly testifies to the inadequate manner in which large tracts of country are protected against famine; and even if private enterprise be enlisted to aid in the construction of protective works, we can scarcely hope that those works will be constructed without causing some temporary drain upon our exchequer. In the present unsettled condition of the silver market, it is well nigh impossible to deal in any satisfactory manner with these and other questions, which in themselves present difficulties of no ordinary description.

5. The subject on which our opinion has been invited is one upon which great difference of opinion exists amongst the highest authorities, whether in respect to the theories involved, or in respect to the practicability of giving effect to those theories. Under these circumstances, we think that our attitude should be one of caution and conservatism, and that we should go no further than necessitate demands in order to accomplish the main objects we have in view, namely, the rehabilitation of silver and the insurance of stability to the rupee. At the same time it is so important that no action on behalf of India should be wanting to attain those objects, that we should hesitate to reject any means that we can legitimately adopt in order to ensure the success of the present Conference.

6. Whatever difference of opinion may exist upon this difficult question, we think that it will be generally admitted that, even what is called particular bimetallism,—that is to say, the bimetallism of one State,—supposing it to be possible, would contribute to the objects we have in view, and that the attainment of those objects is rendered more and more probable as the number of States which enter the Bimetallic Union is increased. It is now universally admitted that the French Monetary Law of 1803 was, during the period of its operation, one of the chief factors in regulating the relative values of silver and gold throughout the civilised world. Mr. Stanley Jevons, himself a monometallist of distinction, has said that “for some 50 years it (that is to say, the value of silver) was held pretty steadily at this point (15½ to 1) by the action of the French Currency Law.”

7. We do not think it necessary that we should enter into a discussion upon the theory of bimetallism, or that we should dwell on the many important collateral points on which such a discussion must necessarily touch. It would be impossible to treat the subject adequately within the limits of an ordinary Despatch. We will only say, therefore, that the whole question has received our very careful attention, and that, should your Lordship think it desirable, we are prepared to state at greater length the reasons which have led us to the conclusions which we are about to enunciate. For the present, we confine ourselves to a statement of those conclusions.

8. In our telegram of 13th April we expressed our opinion that “India should be represented at the Conference on the basis that we will engage to coin silver in unlimited quantities at our mints, and to continue the use of silver as legal tender for debts of any amount for the period the proposed Convention remains in force, reserving the right of also coining gold freely and making gold also legal tender if hereafter Government thinks fit.” At the same time we said that we had not as yet had time to consider thoroughly the question of whether any further measures would be adopted for rehabilitating silver and affording stability to the rupee, but that we hoped shortly to address your Lordship on the subject. We gather from your Lord-

ship's Despatch No. 157, of 12th May, that the instructions given to the Indian delegates are generally in accordance with our suggestions, with the exception that, according to those instructions, the term of years during which we are to engage that silver should be freely coined at the Indian mints is limited to ten. In our telegram of 18th May, we have again expressed our opinion that the period for which India might pledge herself to continue the coinage of silver should not be limited to 10 years, or other definite period, but should extend to the period during which the Convention of other nations remains in force. We are glad to learn from your Lordship's telegram of 25th May that the statement of the Indian delegates was favourably received. The value of that statement, we conceive, consists in this, that other nations will be assured that in the event of their taking measures, the result of which will be the rehabilitation of silver, India will be under an obligation not to take advantage of those measures in order to adopt a single gold standard.

9. We are inclined to think that this declaration is all that other Powers require from the Government of India, and we are confirmed in this impression by the statement in your Lordship's telegram of the 25th May, to the effect that "no further action on the part of the Indian Government has hitherto been suggested." Without a more full report of the proceedings of the Conference than is at present available to us, it is difficult for us to express any further definite opinion as to the attitude which the Indian Government should adopt. It is difficult to predict with confidence what in the ultimate future would be the result if India were to join the Bimetallic Union. There is much to be said against anything in the nature of an experimental change in a currency system. It is, therefore, certainly an advantage to preserve full liberty of action for the future to the greatest extent possible; and if it is clear that the step already taken by the Indian delegates is all that is required on the part of the Government of India, we should deprecate any further pledge being taken. We are unable to say how far a declaration on the part of the Government of India that they are willing to join a Bimetallic Union would materially influence the results of the Conference. Should, however, the alternative present itself, between allowing any international arrangement to break down and pledging India to join the Bimetallic Union, we are of opinion that we should be justified in going a step further. Under these circumstances, we should be prepared to recommend that India should join the Bimetallic Union if a sufficiently large number of other Governments were prepared to join. If, for instance, the United States, the Latin Union, and Germany were prepared to join, we should think the combination sufficiently strong to justify us in joining also. In respect to our adhesion to any weaker coalition than that which we have named, we must reserve our opinion until we know what is its precise composition. By joining the Bimetallic Union, we mean that our mints would be freely open to the coinage of both gold and silver, the coins to be manufactured of each metal being legal tender money in the same ratio to each other as that adopted by the other members of the Union. The most convenient coin for India would probably be, in respect to gold, a sovereign, and in respect to silver it would be desirable to manufacture a coin representing one-fifth of a sovereign in the ratio adopted by the Union. The various subsidiary points which arise in connexion with this subject need not be discussed.

10. Your Lordship will understand, therefore, that we should prefer to maintain the attitude which has been already adopted by the Indian delegates at the Conference; but we recommend adhesion to a strong Bimetallic Union as decidedly preferable to the continuation of the present order of things.

11. In our telegram of 18th May, we ventured to express a hope that Her Majesty's Government would, in respect to the engagements taken by England on her own behalf, go as far as was legitimately possible to help any international arrangement which would give stability to silver, without committing itself to the bimetallic principle; and we suggested, for the special consideration of Her Majesty's Government, whether it would not be possible to arrange for the Bank of England to hold the full amount of silver reserve, for which provision is made in Sir Robert Peel's Act. It would be beyond our province to discuss the attitude which Her Majesty's Government may think fit to adopt in respect to engagements taken on behalf of England. Neither, in fact, are we in a position to judge whether any of the suggestions which have, from time to time, been made in this respect, and which fall short of adhesion to the Bimetallic Union, are considered feasible or not. We would, however, again earnestly express a hope that, in view of the vast importance of the subject to India, any measure tending to facilitate an international arrangement will receive the careful consideration of Her Majesty's Government. Whether, in the event of India joining the Union, the silver one-fifths of

a sovereign, which we propose to coin, might form a part of the Bank of England reserve in silver, to which we refer in our telegram of 18th May, and whether these coins might, to a limited extent, be made legal tender in England, are matters upon which we can express no opinion. They are entirely for the consideration of Her Majesty's Government; but should these measures be adopted, they would probably tend to increase the demand for silver and to give stability to the Indian exchange.

12. His Excellency the Viceroy dissents from this Despatch, and has recorded his views in a separate Minute, which we enclose. Our honourable colleague, Major-General Wilson, agrees with the views set forth by his Excellency the Viceroy.

We have &c.

(Signed)	RIPON.
"	D. S. STEWART.
"	W. STOKES.
"	RIVERS THOMPSON.
"	J. GIBBS.
"	E. BARING.
"	T. F. WILSON.

Sub-Enclosure in No. 51.

GOVERNMENT OF INDIA.—DEPARTMENT OF FINANCE AND COMMERCE.

Enclosure of Despatch No. 143 of 1881.

Telegram to Secretary of State, dated April 13, 1881.

YOUR financial Despatch No. 94 of 10th March. We consider that, if possible, India should be represented at Conference on the basis that we will engage to coin silver in unlimited quantities at our mints, and to continue the use of silver as legal tender for debts of any amount for the period the proposed Convention remains in force, reserving the right of also coining gold freely, and making gold also legal tender, if hereafter Government thinks fit. We have not as yet had time to consider thoroughly question of the possibility of adopting further measures for rehabilitating silver and affording stability to the rupee; but we hope shortly to address you on the subject.

Telegram from Secretary of State, dated 11th May 1881.

DESPATCH goes next mail communicating appointment of Sir Louis Mallet and Lord Reay as delegates to Paris Conference and instructions to them.

Unnecessary to reply to former Despatches till you get this.

Telegram to Secretary of State, dated May 13, 1881,

PRIVATE. Baring is uneasy at statement in Reuter that delegates at Paris Conference merely offer information. Has the offer contained in our telegram of 11th April, been communicated to the Conference? Please reply as soon as possible.

Telegram from Secretary of State, dated May 14, 1881.

YOURS 13th. Treasury delegate not to vote on question; ours may vote when instructed on point, and have already permission to vote on first propositions they may undertake, as suggested in yours 11th April, excepting reserve as to gold coin. If you want text of instructions, can be telegraphed.

Telegram from Secretary of State, dated May 17, 1881.

INSTRUCTIONS explained that in sending delegate to Conference, Government of India must not be held committed to adoption of principle of bimetallic system in India—anywise not authorised, without further instruction, to vote on question raised at Conference. Added that, while Secretary of State is unwilling to encourage expectation of material change at present in monetary policy of India, he would be ready to consider measures which might be suggested for adoption in India as being calculated to promote reestablishment of value of silver. They should avoid giving any pledge on the part of Government of India which would interfere with future liberty of action; but, in the evens of being pressed on the subject, or seeing reason to think it desirable that such a declaration should be made, are authorised to agree, on the part of Government of

India, that for some definite term of years, not exceeding ten, it will undertake not to depart in a direction calculated to lower value of silver from the existing practice of coming silver freely in Indian mints as legal tender throughout Indian dominion of Her Majesty. Such a declaration must be, however, conditional on the acceptance by a number of principal States agreement, binding them, in some manner or other, to open their mints for similar term to coining of silver as full legal tender, in the proportion of $15\frac{1}{2}$ of silver to one of gold, and engagement on the part of Government of India obligatory only so long as that agreement remains in force.

Telegram to Secretary of State, No. 696, dated May 1881.

YOUR Lordship's telegram of 17th. We are of opinion that the declaration as to our readiness to undertake to coin silver freely should be made to Conference without delay, and that the period for which India might pledge herself to continue coinage of silver should not be limited to ten years or other definite period, but should extend to period during which Convention of other nations remains in force. In view of great importance to India that Conference should result in arrangements which shall give stability to silver, we think India should, and we hope England will go, as far as both legitimately can, to help international arrangements tending to that end without committing themselves to bimetallic principle. We would suggest, for consideration of Her Majesty's Government, whether it would not be possible to arrange for Bank of England to hold full amount of silver as reserve, for which provision is made in Peel's Act.

Telegram to Secretary of State, dated May 25, 1881.

REUTER announced a week ago that Conference has been adjourned to 30th June, to enable Governments to deliberate on their course of action. We should like to be fully informed of actual condition of affairs and of results of Conference so far. We should especially like to know whether, in the opinion of India delegates, any further action on the part of India is likely to influence materially ultimate result, and if so, what action, and whether you would approve of it.

Telegram from Secretary of State, dated May 25, 1881.

CONFERENCE adjourned to 30th June, after hearing views of delegates to allow for communications with Governments with reference to further proceedings. Statement of German delegates considered important, and further negotiations with German Government will probably be made, on the result of which much depends. Statement of Indian delegates was favourably received. No further action on the part of Indian Government has hitherto been suggested. Impossible to say more at present as to result of Conference.

Sub-Enclosure in No. 51.

I REGRET to be obliged to record my dissent from a Despatch which has been agreed to by a majority of my colleagues; but it appears to me, and it is admitted by those who are in favour of the Despatch, that no one can be a party to it who does not believe in the soundness of the theory of bimetallism. I do not believe that theory to be sound, and, therefore, I cannot assent to the Despatch.

It is true that the Despatch gives but a timid and grudging approval to bimetallism. It admits that "without a more full report of the proceedings of the Conference than is at present available to us, it is difficult for us to express any further definite opinion as to the attitude which the Indian Government should adopt;" and it states that "it is difficult to predict with confidence what in the ultimate future would be the result if India were to join the Bimetallic Union." It strikes me that the natural conclusion from such premises would have been that we should have waited before committing ourselves on the subject of bimetallism until we were in possession of a full report of the proceedings of the Conference and were able to gauge with some degree of confidence what would be the future result to India of the adoption of a double standard, and I am the more confirmed in my belief that a cautious and waiting attitude is that which under

present circumstances it would be wise for us to assume, because I learn from the Secretary of State's telegram of the 25th May that the "statement of the Indian delegates" at the Conference "was favourably received," and that "no further action on the part of the Indian Government has hitherto been suggested." This being so, a further step of such magnitude and importance as an offer to adopt bimetallism is, in my judgment, impolitic and unnecessary.

But the majority of my colleagues have thought otherwise, and they have determined to recommend to the Secretary of State to direct the Indian representatives at the Paris Conference to declare, in certain contingencies set out in the Despatch, that India is willing to join a Bimetallic Union. To such a recommendation I cannot be a party, because it involves, and is admitted to involve, an approval on the part of the Government of India of the theory of bimetallism. Now what is the fundamental principle on which that theory is founded? It is laid down very clearly and unmistakeably by M. Cernuschi in his pamphlet entitled "M. Michel Chevalier et le Bimetallisme," the opening words of which are as follows:—"Si les grandes nations se mettent concordamment à frapper monnaie d'argent pesant $15\frac{1}{2}$ fois leur monnaie d'or la valeur relative des deux métaux sur le marché général ne pourra plus varier; un poids d'or vaudra partout $15\frac{1}{2}$ poids d'argent. Tout le Bimetallisme est là." This doctrine is, therefore, the foundation of Bimetallism, and it must be borne in mind that M. Cernuschi does not confine his assertion of the power of a combination of nations to regulate by law the relative value of gold and silver, so that they cannot vary, to any particular ratio which may approach to the real market ratio of the day. He prefers the ratio of $15\frac{1}{2}$ to 1, but he holds that it is in the power of a combination of Governments to fix and to maintain any ratio they please. He says (Bimetallism at $15\frac{1}{2}$ to 1, page 36),—"In principle all ratios are equally good; the ratio at 10, the ratio at 15, the ratio at 20, would each work with the same efficacy and the same regularity, were any of them adopted by great States furnished with ample supplies of metallic money." It seems to me undoubtedly to follow from these statements that, if the bimetallic theory were true, it would be in the power of an union of great States to decree that an ounce of silver should be equal in value to an ounce of gold, and that thenceforth their value in the general market would at once become equal and could not change ("ne pourra plus varier") so long as the Union chose to maintain its laws unaltered. In such a doctrine I am quite unable to believe; it appears to me to be contrary to some of the most essential principles of political economy; it is based, as I think, upon a misconception of the laws which regulate the value of gold and silver; and I cannot divest myself of the conviction that a theory resting upon such a misconception must in the course of time produce those mischievous consequences which always follow, slowly it may be, but surely, upon any attempt on the part of men or of Governments to interfere with the operation of natural laws. I cannot, therefore, recommend the Secretary of State to pledge the Government of India to the adoption of a system derived from a theory so fundamentally unsound.

I desire also to point out that no information whatever has been furnished to the Government of India by the Financial Department with a view to show what would be the effect in India itself of the introduction of a legal tender gold coinage. We have no facts before us which would enable us to form any judgment as to whether the new gold coins would form an effective and useful addition to the existing circulation, or whether they would, to whatever extent they might be accepted by the public, displace the silver now in circulation. The Despatch alludes to the manufacture of a new silver coin of 34 annas; but no evidence has been laid before the Government upon which a safe opinion could be founded as to the existence of a desire on the part of the mercantile community in this country, or of the people at large, for the introduction of such a piece, or as to the effect upon the ordinary transactions of life of the issue of a coin which is not a multiple of the rupee. It appears to me that these and similar questions ought to be very carefully examined and considered before the Government of India binds itself to foreign Governments to adopt a bimetallic system of currency.

I wish, finally, to place upon record my entire agreement with the views expressed by the Secretary of State when he says in his instructions to the Indian representatives at the Monetary Conference at Paris that he is "ready to consider any measures which might be suggested for adoption in India as being calculated to promote the re-establishment of the value of silver." I feel strongly the importance of resorting to any sound and well considered proposals calculated to produce that effect; I have already concurred with my colleagues in submitting such proposals to the Secretary of State;

and I shall be at all times prepared to support any further measures having that object in view, which are not inconsistent with sound economical principles, after they have received that cautious and deliberate examination to which all measures affecting the currency ought always, as it seems to me, to be submitted.

(Signed) RIFON.

10th June 1881.

I concur in the above Minute.

10-6-81.

(Signed) T. F. WILSON.

Enclosure 2 in No. 51.

To his Excellency the most Honourable the GOVERNOR-GENERAL OF INDIA in Council.

India Office,

London, September 8, 1881.

MY LORD MARQUIS,

1. I have considered in Council the letter from your Government, dated the 10th of June, No. 143, expressing the views of the majority of your Excellency's Council regarding the attitude to be adopted by the Indian delegates at the Monetary Conference at Paris.

2. Your letter states that it would be difficult to exaggerate the importance to India of the question whether India should become a member of a Union, based on principles of bimetallism, for a limited term of years, and, in support of this view, you observe that the real loss by exchange during the current year may be approximately estimated at Rs. 2,05,36,000, as explained in the 80th paragraph of Major Baring's financial statement. Without going in detail into the question what ought to be considered the real amount of the loss by exchange, I may remark that, whatever be the loss on each rupee, that loss must be calculated, not only on the net expenditure of the Home Treasury, but on the total amount of remittances which the transactions of the Home Treasury render necessary, including the guaranteed railway and remittance transactions, a correction which will considerably raise the estimate of the loss by exchange.

3. Your Government, however, rightly observe that, large as is the actual loss, the evil is by no means limited to the additional outlay thus caused. The great fluctuations which in recent years have occurred in the price of silver have made it difficult for you to enter on any policy of fiscal reform, or to deal satisfactorily with many questions which are at present in an unsettled condition, since an alteration in the value of silver might completely destroy the calculations on which your measures were based. Hence there can, in my opinion, be little doubt that it would be for the true interests of India to encourage any propositions made by foreign Governments which might appear to afford good hope of the value of silver being raised to its former level as compared with gold, and being maintained in a comparatively stable position.

4. The instructions given to the delegates who represented India at the Monetary Conference were to explain that the Government of India did not commit itself to the adoption of the bimetallic system in India, but that the Secretary of State in Council, while unwilling to encourage an expectation of any material change at present in the monetary policy of India, would be ready to consider any measures that might be suggested for adoption in India as being calculated to promote the re-establishment of the value of silver. The delegates were further authorised, if it seemed desirable, to agree that, for some definite term of years (not exceeding 10), the Government of India would undertake not to depart, in any direction calculated to lower the value of silver, from the existing practice of coining silver freely in the Indian mints as legal tender throughout the Indian dominions of Her Majesty, such a declaration being conditional on the acceptance by a number of the principal States of an agreement binding them, in some manner or other, to open their mints for a similar term to the coinage of silver as full legal tender, in the proportion of $15\frac{1}{2}$ of silver to one of gold, and the engagement on the part of India being obligatory only so long as that agreement remained in force.

5. The object of these instructions was, without committing the Government of India to any opinion on the theoretical problem whether international bimetallism would secure the object of keeping the value of the two metals approximately at equilibrium, to throw no obstacle in the way of a fair trial of the experiment if the foreign nations were willing to undertake it, and to go as far as possible in the direction of assisting them to raise the

value of silver to its former position, and to keep it steady when it should have been so raised.

6. For this purpose the great object was evidently to secure a demand for silver; and it seemed more especially necessary that India should pledge herself, if requisite, to do this, inasmuch as the United Kingdom offered a corresponding market for gold. The reservation mentioned in your Excellency's telegram of the 13th of April, of the right of India to coin gold freely and to make gold legal tender in India, appeared to me calculated to weaken the position which, not only on the present occasion, but also at the Conference of 1878, the Government of India has taken, as doing, and ready to do, all in its power to preserve the value of silver.

7. In the letter now under reply, the majority of members of your Council recommend that, if the alternative presented itself of allowing any international arrangement to break down, and of pledging India to join the Bimetallic Union, the latter step should be adopted, provided that a sufficiently large number of other Governments were prepared to join; in such a case, they would be willing to open the mints of India freely to the coinage of both gold and silver, the coins being legal tender in the ratio adopted by other members of the Union. From this recommendation, however, your Excellency dissents, as you do not believe the theory of bimetallism to be sound; and Major-General Wilson agrees in that view.

8. The alternative contemplated has not occurred, and does not seem likely to, occur so long as the coinage of this country rests on a single gold standard. I observe, however, that those members of your Government who might, in certain circumstances, have advocated India's joining a Bimetallic Union, prefer to maintain the attitude already adopted by the Indian delegates at the Conference.

9. You will have learnt, from the papers accompanying my Despatch of the 21st of July, No. 212, the measures taken in consequence of your Excellency's recommendation that the Bank of England should be moved to hold silver as a part of its reserve.

10. The real interest of India being, in my view, to further any measures calculated to promote the value of silver, I shall be prepared to renew, if necessary, at the re-assembling of the Conference next year, on similar conditions to those previously stated, the undertaking to coin silver, without limit, for a definite term of years which should not be too long, if such an offer would in any way facilitate the union of other nations in an agreement to open their mints also to the coinage of silver.

I have, &c.
(Signed) HARTINGTON.

F. CAVENDISH.

Treasury Chambers,
25 August 1881. }

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